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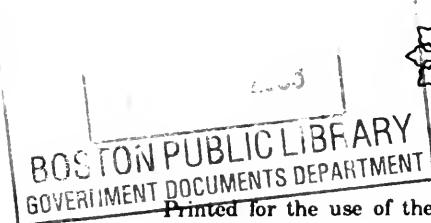
MADRID PROTOCOL IMPLEMENTATION ACT

HEARING
BEFORE THE
SUBCOMMITTEE ON INTELLECTUAL PROPERTY
AND JUDICIAL ADMINISTRATION
OF THE
COMMITTEE ON THE JUDICIARY
HOUSE OF REPRESENTATIVES
ONE HUNDRED THIRD CONGRESS
FIRST SESSION
ON
H.R. 2129

MADRID PROTOCOL IMPLEMENTATION ACT

MAY 20, 1993

Serial No. 27



Printed for the use of the Committee on the Judiciary

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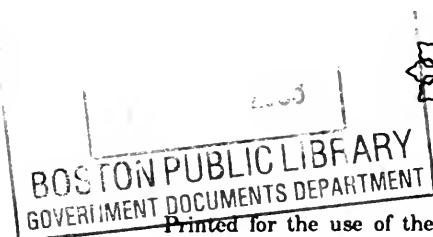
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MADRID PROTOCOL IMPLEMENTATION ACT

THURSDAY, MAY 20, 1993

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON INTELLECTUAL PROPERTY
AND JUDICIAL ADMINISTRATION,
COMMITTEE ON THE JUDICIARY,
Washington, DC.

The subcommittee met, pursuant to notice, at 10 a.m., in room 2237, Rayburn House Office Building, Hon. William J. Hughes (chairman of the subcommittee) presiding.

Present: Representatives William J. Hughes, Howard L. Berman, Carlos J. Moorhead, and Howard Coble.

Also present: Jarilyn Dupont, assistant counsel; Veronica Eligan, secretary; and Thomas E. Mooney, minority counsel.

OPENING STATEMENT OF CHAIRMAN HUGHES

Mr. HUGHES. The Subcommittee on Intellectual Property and Judicial Administration will come to order. Good morning and welcome to today's hearing. We are hearing testimony on H.R. 2129, the Madrid Protocol Implementation Act. This bill was introduced by myself and my good friend and colleague and ranking member of the subcommittee, Carlos Moorhead of California.

This legislation addresses one element in the overall effort to address the protection of intellectual property rights in the world market economy. Trademarks have received statutory protection on the Federal level for about 100 years. Over this period of time the use, value and importance of trademarks has grown much more significant in the conduct of business activities.

Many products are instantly recognizable, not only in the United States but worldwide, simply by the trademark. As commerce has extended on a much greater level beyond one's own country, it has become imperative to seek protection in each country in which products are sold and business is conducted. Many countries have been participants in an international trademark registration system.

Under the Madrid Agreement on the International Registration of Marks, which operates under the auspices of the World Intellectual Property Organization, the system provides a one-step process of providing access to the trademark offices of multiple countries. For a variety of substantive reasons, the United States has never been a signatory to the Madrid Agreement.

The Madrid Protocol has been negotiated as a side agreement to the Madrid Agreement, and affords the United States the occasion to reconsider its participation in an international trademark sys-

tem. I believe this legislation provides an opportunity to fully explore the benefits and problems with such an international system and the implications for the Patent and the Trademark Office if the United States becomes a party to the Madrid Protocol.

[The bill, H.R. 2129, follows:]

I

103D CONGRESS
1ST SESSION

H. R. 2129

To amend the Trademark Act of 1946 to provide for the registration and protection of trademarks used in commerce, in order to carry out provisions of certain international conventions, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 17, 1993

Mr. HUGHES (for himself and Mr. MOORHEAD) introduced the following bill:
which was referred to the Committee on the Judiciary

A BILL

To amend the Trademark Act of 1946 to provide for the registration and protection of trademarks used in commerce, in order to carry out provisions of certain international conventions, and for other purposes.

- 1 *Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*
- 2 **SECTION 1. SHORT TITLE.**
- 3 This Act may be cited as the "Madrid Protocol Implementation Act".

1 **SEC. 2. PROVISIONS TO IMPLEMENT THE PROTOCOL RE-**
2 **LATING TO THE MADRID AGREEMENT CON-**
3 **CERNING THE INTERNATIONAL REGISTRA-**
4 **TION OF MARKS.**

5 The Act entitled "An Act to provide for the regis-
6 tration and protection of trade-marks used in commerce, to
7 carry out the provisions of certain international conven-
8 tions, and for other purposes", approved July 5, 1946, as
9 amended (15 U.S.C. 1051 and following) (commonly re-
10 ferred to as the "Trademark Act of 1946") is amended
11 by adding after section 51 the following new title:

12 **"TITLE XII—THE MADRID PROTOCOL**

13 **"SEC. 60. DEFINITIONS.**

14 "For purposes of this title:

15 **"(1) MADRID PROTOCOL.**—The term 'Madrid
16 Protocol' means the Protocol Relating to the Madrid
17 Agreement Concerning the International Registra-
18 tion of Marks, adopted at Madrid, Spain, on June
19 27, 1989.

20 **"(2) BASIC APPLICATION.**—The term 'basic ap-
21 plication' means the application for the registration
22 of a mark that has been filed with an Office of a
23 Contracting Party and that constitutes the basis for
24 an application for the international registration of
25 that mark.

1 “(3) BASIC REGISTRATION.—The term ‘basic
2 registration’ means the registration of a mark that
3 has been granted by an Office of a Contracting
4 Party and that constitutes the basis for an applica-
5 tion for the international registration of that mark.

6 “(4) CONTRACTING PARTY.—The term ‘Con-
7 tracting Party’ means any country or inter-govern-
8 mental organization that is a party to the Madrid
9 Protocol.

10 “(5) DATE OF RECORDAL.—The term ‘date of
11 recordal’ means the date on which a request for ex-
12 tension of protection that is filed after an inter-
13 national registration is granted is recorded on the
14 International Register.

15 “(6) DECLARATION OF BONA FIDE INTENTION
16 TO USE THE MARK IN COMMERCE.—The term ‘de-
17 clarator of bona fide intention to use the mark in
18 commerce’ means a declaration that is signed by the
19 applicant for, or holder of, an international registra-
20 tion who is seeking extension of protection of a mark
21 to the United States and that contains a statement
22 that—

23 “(A) the applicant or holder has a bona
24 fide intention to use the mark in commerce,

1 “(B) the person making the declaration be-
2 lieves himself or herself, or the firm, corpora-
3 tion, or association in whose behalf he or she
4 makes the declaration, to be entitled to use the
5 mark in commerce, and

6 “(C) no other person, firm, corporation, or
7 association, to the best of his or her knowledge
8 and belief, has the right to use such mark in
9 commerce either in the identical form of the
10 mark or in such near resemblance to the mark
11 as to be likely, when used on or in connection
12 with the goods of such other person, firm, cor-
13 poration, or association, to cause confusion, or
14 to cause mistake, or to deceive.

15 “(7) EXTENSION OF PROTECTION.—The term
16 ‘extension of protection’ means the protection result-
17 ing from an international registration that extends
18 to a Contracting Party at the request of the holder
19 of the international registration, in accordance with
20 the Madrid Protocol.

21 “(8) HOLDER OF AN INTERNATIONAL REG-
22 ISTRATION.—A ‘holder’ of an international registra-
23 tion is the natural or juristic person in whose name
24 the international registration is recorded on the
25 International Register.

1 “(9) INTERNATIONAL APPLICATION.—The term
2 ‘international application’ means an application for
3 international registration that is filed under the Ma-
4 drid Protocol.

5 “(10) INTERNATIONAL BUREAU.—The term
6 ‘International Bureau’ means the International Bu-
7 reau of the World Intellectual Property Organiza-
8 tion.

9 “(11) INTERNATIONAL REGISTER.—The term
10 ‘International Register’ means the official collection
11 of such data concerning international registrations
12 maintained by the International Bureau that the
13 Madrid Protocol or its implementing regulations re-
14 quire or permit to be recorded, regardless of the me-
15 dium which contains such data.

16 “(12) INTERNATIONAL REGISTRATION.—The
17 term ‘international registration’ means the registra-
18 tion of a mark granted under the Madrid Protocol.

19 “(13) INTERNATIONAL REGISTRATION DATE.—
20 The term ‘international registration date’ means the
21 date assigned to the international registration by the
22 International Bureau.

23 “(14) NOTIFICATION OF REFUSAL.—The term
24 ‘notification of refusal’ means the notice sent by an
25 Office of a Contracting Party to the International

1 Bureau declaring that an extension of protection
2 cannot be granted.

3 "(15) OFFICE OF A CONTRACTING PARTY.—The
4 term 'Office of a Contracting Party' means—

5 "(A) the office, or governmental entity, of
6 a Contracting Party that is responsible for the
7 registration of marks, or

8 "(B) the common office, or governmental
9 entity, of more than 1 Contracting Party that
10 is responsible for the registration of marks and
11 is so recognized by the International Bureau.

12 "(16) OFFICE OF ORIGIN.—The term 'office of
13 origin' means the Office of a Contracting Party with
14 which a basic application was filed or by which a
15 basic registration was granted.

16 "(17) OPPOSITION PERIOD.—The term 'opposi-
17 tion period' means the time allowed for filing an op-
18 position in the Patent and Trademark Office, includ-
19 ing any extension of time granted under section 13.

20 **"SEC. 61. INTERNATIONAL APPLICATIONS BASED ON UNIT-**
21 **ED STATES APPLICATIONS OR REGIS-
22 TIONS.**

23 "The owner of a basic application pending before the
24 Patent and Trademark Office, or the owner of a basic reg-
25 istration granted by the Patent and Trademark Office,

1 may file an international application by submitting to the
2 Patent and Trademark Office a written application in
3 such form, together with such fees, as may be prescribed
4 by the Commissioner.

5 **SEC. 62. CERTIFICATION OF THE INTERNATIONAL APPLI-**
6 **CATION.**

7 "Upon the filing of an application for international
8 registration and payment of the prescribed fees, the Com-
9 missioner shall examine the international application for
10 the purpose of certifying that the information contained
11 in the international application corresponds to the infor-
12 mation contained in the basic application or basic registra-
13 tion at the time of the certification. Upon examination and
14 certification of the international application, the Commis-
15 sioner shall transmit the international application to the
16 International Bureau.

17 **SEC. 63. RESTRICTION, ABANDONMENT, CANCELLATION,**
18 **OR EXPIRATION OF A BASIC APPLICATION OR**
19 **BASIC REGISTRATION.**

20 "With respect to an international application trans-
21 mitted to the International Bureau under section 62, the
22 Commissioner shall notify the International Bureau when-
23 ever the basic application or basic registration which is
24 the basis for the international application has been re-
25 stricted, abandoned, or cancelled, or has expired, with re-

- 1 *specify to some or all of the goods and services listed in*
- 2 *the international registration—*

3 “(1) within 5 years after the international reg-
4 istration date; or

5 “(2) more than 5 years after the international
6 registration date if the restriction, abandonment, or
7 cancellation of the basic application or basic reg-
8 istration resulted from an action that began before
9 the end of that 5-year period.

10 "SEC. 64. REQUEST FOR EXTENSION OF PROTECTION SUB-
11 SEQUENT TO INTERNATIONAL REGISTRA-
12 TION.

13 "The holder of an international registration that is
14 based upon a basic application filed with the Patent and
15 Trademark Office or a basic registration granted by the
16 Patent and Trademark Office may request an extension
17 of protection of its international registration by filing such
18 a request—

19 “(1) directly with the International Bureau, or
20 “(2) with the Patent and Trademark Office for
21 transmittal to the International Bureau, if the re-
22 quest is in such form, and contains such transmittal
23 fee, as may be prescribed by the Commissioner.

2 **NATIONAL REGISTRATION TO THE UNITED**
3 **STATES UNDER THE MADRID PROTOCOL.**

4 “(a) IN GENERAL.—Subject to the provisions of sec-
5 tion 68, the holder of an international registration shall
6 be entitled to the benefits of extension of protection of that
7 international registration to the United States to the ex-
8 tent necessary to give effect to any provision of the Madrid
9 Protocol.

10 “(b) IF UNITED STATES IS OFFICE OF ORIGIN.—An
11 extension of protection resulting from an international
12 registration of a mark shall not apply to the United States
13 if the Patent and Trademark Office is the office of origin
14 with respect to that mark.

15 **“SEC. 66. EFFECT OF FILING A REQUEST FOR EXTENSION**
16 **OF PROTECTION OF AN INTERNATIONAL**
17 **REGISTRATION TO THE UNITED STATES.**

18 “(a) REQUIREMENT FOR REQUEST FOR EXTENSION
19 OF PROTECTION.—A request for extension of protection
20 of an international registration to the United States that
21 the International Bureau transmits to the Patent and
22 Trademark Office shall be deemed to be properly filed in
23 the United States if such request, when received by the
24 International Bureau, has attached to it a declaration of
25 bona fide intention to use the mark in commerce that is

1 verified by the applicant for, or holder of, the international
2 registration.

3 “(b) **EFFECT OF PROPER FILING.**—Unless extension
4 of protection is refused under section 68, the proper filing
5 of the request for extension of protection under subsection
6 (a) shall constitute constructive use of the mark, confer-
7 ring the same rights as those specified in section 7(c), as
8 of the earliest of the following:

9 “(1) The international registration date, if the
10 request for extension of protection was filed in the
11 international application.

12 “(2) The date of recordal of the request for ex-
13 tension of protection, if the request for extension of
14 protection was made after the international registra-
15 tion date.

16 “(3) The date of priority claimed pursuant to
17 section 67.

18 **“SEC. 67. RIGHT OF PRIORITY FOR REQUEST FOR EXTEN-**
19 **SION OF PROTECTION TO THE UNITED**
20 **STATES.**

21 “The holder of an international registration with an
22 extension of protection to the United States shall be enti-
23 tled to claim a date of priority based on the right of prior-
24 ity within the meaning of Article 4 of the Paris Convention
25 for the Protection of Industrial Property if—

1 “(1) the international registration contained a
2 claim of such priority; and

3 “(2)(A) the international application contained
4 a request for extension of protection to the United
5 States, or

6 “(B) the date of recordal of the request for ex-
7 tension of protection to the United States is not
8 later than 6 months after the date of the first regu-
9 lar national filing (within the meaning of Article
10 4(A)(3) of the Paris Convention for the Protection
11 of Industrial Property) or a subsequent application
12 (within the meaning of Article 4(C)(4) of the Paris
13 Convention).

14 "SEC. 68. EXAMINATION OF AND OPPOSITION TO REQUEST
15 FOR EXTENSION OF PROTECTION; NOTIFICA-
16 TION OF REFUSAL.

17 "(a) EXAMINATION AND OPPOSITION.—(1) A request
18 for extension of protection described in section 66(a) shall
19 be examined as an application for registration on the Prin-
20 cipal Register under this Act, and if on such examination
21 it appears that the applicant is entitled to extension of
22 protection under this title, the Commissioner shall cause
23 the mark to be published in the Official Gazette of the
24 Patent and Trademark Office.

1 “(2) Subject to the provisions of subsection (c), a re-
2 quest for extension of protection under this title shall be
3 subject to opposition under section 13. Unless successfully
4 opposed, the request for extension of protection shall not
5 be refused.

6 “(3) Extension of protection shall not be refused
7 under this section on the ground that the mark has not
8 been used in commerce.

9 “(4) Extension of protection shall be refused under
10 this section to any mark not registrable on the Principal
11 Register.

12 “(b) NOTIFICATION OF REFUSAL.—If, a request for
13 extension of protection is refused under subsection (a), the
14 Commissioner shall declare in a notification of refusal (as
15 provided in subsection (c)) that the extension of protection
16 cannot be granted, together with a statement of all
17 grounds on which the refusal was based.

18 “(c) NOTICE TO INTERNATIONAL BUREAU.—(1)
19 Within 18 months after the date on which the Interna-
20 tional Bureau transmits to the Patent and Trademark
21 Office a notification of a request for extension of protec-
22 tion, the Commissioner shall transmit to the International
23 Bureau any of the following that applies to such request:

24 “(A) A notification of refusal based on an ex-
25 amination of the request for extension of protection.

1 “(B) A notification of refusal based on the fil-
2 ing of an opposition to the request.

3 “(C) A notification of the possibility that an op-
4 position to the request may be filed after the end of
5 that 18-month period.

6 “(2) If the Commissioner has sent a notification of
7 the possibility of opposition under paragraph (1)(C), the
8 Commissioner shall, if applicable, transmit to the Inter-
9 national Bureau a notification of refusal on the basis of
10 the opposition, together with a statement of all the
11 grounds for the opposition, within 7 months after the be-
12 ginning of the opposition period or within 1 month after
13 the end of the opposition period, whichever is earlier.

14 “(3) If a notification of refusal of a request for exten-
15 sion of protection is transmitted under paragraph (1) or
16 (2), no grounds for refusal of such request other than
17 those set forth in such notification may be transmitted to
18 the International Bureau by the Commissioner after the
19 expiration of the time periods set forth in paragraph (1)
20 or (2), as the case may be.

21 “(4) If a notification specified in paragraph (1) or
22 (2) is not sent to the International Bureau within the time
23 period set forth in such paragraph, with respect to a re-
24 quest for extension of protection, the request for extension
25 of protection shall not be refused and the Commissioner

1 shall issue a certificate of extension of protection pursuant
2 to the request.

3 “(d) DESIGNATION OF AGENT FOR SERVICE OF
4 PROCESS.—In responding to a notification of refusal with
5 respect to a mark, the holder of the international registra-
6 tion of the mark shall designate, by a written document
7 filed in the Patent and Trademark Office, the name and
8 address of a person resident in the United States on whom
9 may be served notices or process in proceedings affecting
10 the mark. Such notices or process may be served upon
11 the person so designated by leaving with that person, or
12 mailing to that person, a copy thereof at the address speci-
13 fied in the last designation so filed. If the person so des-
14 ignated cannot be found at the address given in the last
15 designation, such notice or process may be served upon
16 the Commissioner.

17 **“SEC. 69. EFFECT OF EXTENSION OF PROTECTION.**

18 “(a) ISSUANCE OF EXTENSION OF PROTECTION.—
19 Unless a request for extension of protection is refused
20 under section 68, the Commissioner shall issue a certifi-
21 cate of extension of protection pursuant to the request and
22 shall cause notice of such certificate of extension of protec-
23 tion to be published in the Official Gazette of the Patent
24 and Trademark Office.

1 “(b) EFFECT OF EXTENSION OF PROTECTION.—

2 From the date on which a certificate of extension of pro-
3 tection is issued under subsection (a)—

4 “(1) such extension of protection shall have the
5 same effect and validity as a registration on the
6 Principal Register, and

7 “(2) the holder of the international registration
8 shall have the same rights and remedies as the
9 owner of a registration on the Principal Register.

10 **“SEC. 70. DEPENDENCE OF EXTENSION OF PROTECTION TO**
11 **THE UNITED STATES ON THE UNDERLYING**
12 **INTERNATIONAL REGISTRATION.**

13 “(a) EFFECT OF CANCELLATION OF INTERNATIONAL
14 REGISTRATION.—If the International Bureau notifies the
15 Patent and Trademark Office of the cancellation of an
16 international registration with respect to some or all of
17 the goods and services listed in the international registra-
18 tion, the Commissioner shall cancel any extension of pro-
19 tection to the United States with respect to such goods
20 and services as of the date on which the international reg-
21 istration was cancelled.

22 “(b) EFFECT OF FAILURE TO RENEW INTER-
23 NATIONAL REGISTRATION.—If the International Bureau
24 does not renew an international registration, the cor-
25 responding extension of protection to the United States

1 shall cease to be valid as of the date of the expiration of
2 the international registration.

3 “(c) TRANSFORMATION OF AN EXTENSION OF PRO-
4 TECTION INTO A UNITED STATES APPLICATION.—The
5 holder of an international registration cancelled in whole
6 or in part by the International Bureau at the request of
7 the office of origin, under Article 6(4) of the Madrid Pro-
8 tocol, may file an application, under section 1 or 44 of
9 this Act, for the registration of the same mark for any
10 of the goods and services to which the cancellation applies
11 that were covered by an extension of protection to the
12 United States based on that international registration.
13 Such an application shall be treated as if it had been filed
14 on the international registration date or the date of
15 recordal of the request for extension of protection with the
16 International Bureau, whichever date applies, and, if the
17 extension of protection enjoyed priority under section 67
18 of this title, shall enjoy the same priority. Such an applica-
19 tion shall be entitled to the benefits conferred by this sub-
20 section only if the application is filed not later than 3
21 months after the date on which the international registra-
22 tion was canceled, in whole or in part, and only if the ap-
23 plication complies with all the requirements of this Act
24 which apply to any application filed pursuant to section
25 1 or 44.

1 **“SEC. 71. AFFIDAVITS AND FEES.**

2 “(a) REQUIRED AFFIDAVITS AND FEES.—An exten-
3 sion of protection for which a certificate of extension of
4 protection has been issued under section 69 shall remain
5 in force for the term of the international registration upon
6 which it is based, except that the extension of protection
7 of any mark shall be cancelled by the Commissioner—

8 “(1) at the end of the 6-year period beginning
9 on the date on which the certificate of extension of
10 protection was issued by the Commissioner, unless
11 within the 1-year period preceding the expiration of
12 that 6-year period the holder of the international
13 registration files in the Patent and Trademark Of-
14 fice an affidavit under subsection (b) together with
15 a fee prescribed by the Commissioner; and

16 “(2) at the end of the 10-year period beginning
17 on the date on which the certificate of extension of
18 protection was issued by the Commissioner, and at
19 the end of each 10-year period thereafter, unless—

20 “(A) within the 6-month period preceding
21 the expiration of such 10-year period the holder
22 of the international registration files in the Pat-
23 ent and Trademark Office an affidavit under
24 subsection (b) together with a fee prescribed by
25 the Commissioner; or

1 “(B) within 3 months after the expiration
2 of such 10-year period, the holder of the interna-
3 tional registration files in the Patent and
4 Trademark Office an affidavit under subsection
5 (b) together with the fee described in subpara-
6 graph (A) and an additional fee prescribed by
7 the Commissioner.

8 “(b) CONTENTS OF AFFIDAVIT.—The affidavit re-
9 ferred to in subsection (a) shall set forth those goods or
10 services recited in the extension of protection on or in con-
11 nection with which the mark is in use in commerce and
12 the holder of the international registration shall attach to
13 the affidavit a specimen or facsimile showing the current
14 use of the mark in commerce, or shall set forth that any
15 nonuse is due to special circumstances which excuse such
16 nonuse and is not due to any intention to abandon the
17 mark. Special notice of the requirement for such affidavit
18 shall be attached to each certificate of extension of protec-
19 tion.

20 **“SEC. 72. ASSIGNMENT OF AN EXTENSION OF PROTECTION.**

21 “An extension of protection may be assigned, to-
22 gether with the goodwill associated with the mark, only
23 to a person who is a national of, is domiciled in, or has
24 a bona fide and effective industrial or commercial estab-
25 lishment either in a country that is a Contracting Party

1 or in a country that is a member of an intergovernmental
2 organization that is a Contracting Party.

3 **“SEC. 73. INCONTESTABILITY.**

4 “The period of continuous use prescribed under sec-
5 tion 15 for a mark covered by an extension of protection
6 issued under this title may begin no earlier than the date
7 on which the Commissioner issues the certificate of the
8 extension of protection by under section 69.”.

9 **SEC. 3. EFFECTIVE DATE.**

10 This Act shall take effect on the date on which the
11 Madrid Protocol enters into force with respect to the Unit-
12 ed States.

Mr. HUGHES. We have interesting and helpful testimony from today's witnesses and the Chair recognizes the distinguished gentleman from California.

Mr. MOORHEAD. Thank you, Mr. Chairman, and I wish to especially welcome our old friend of many years, Árpád Bogsch, the director general of World Intellectual Property Organization. Árpád Bogsch has been very, very helpful to this subcommittee on many occasions and I think that he does a great job for every country in the world that is involved in intellectual property. He has an outstanding record that is equaled by very, very few.

I would also like to commend our chairman for taking the lead in this important area. We all know how important the Berne Convention is to copyright and the Paris Convention is to patents and the excellent job the World Intellectual Property Organization does in administrating these treaties.

But we find it amazing that the United States is not currently a party to any international trademark registration system. This is especially amazing to those of us in this room who know full well that our marketplace today is more global than ever and how crucial trademarks are to both our national and international economies.

The bill which the chairman and I introduced this week and the bill before us this morning is a protocol relating to the Madrid Agreement, drafted in 1989 by the 27 countries, including the United States, which will establish an international trademark registration system that will be independent of, but parallel to, the Madrid Agreement.

This protocol is important because it will provide U.S. trademark owners with the ability to protect their product and to more effectively compete in a global marketplace. I hope we can quickly move this legislation through the Congress. Many of us here remember a few years ago when the United States was not in the Berne Convention and Árpád Bogsch was the chairman of a meeting of this subcommittee in Geneva, Switzerland, in which we heard testimony from representatives of virtually all of the main countries in Europe telling us how the convention would affect us if adopted, and telling us how welcome we would be if we moved into that convention.

I think that was an important step forward. I think it was a very, very important step for the United States and for the entire world as far as intellectual property is concerned. I hope this too will be an important step forward also.

Mr. HUGHES. I thank the gentleman.

[The prepared statement of Mr. Moorhead follows:]

PREPARED STATEMENT OF HON. CARLOS J. MOORHEAD, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

I would like to commend our chairman for taking the lead in this important area. We all know how important the Berne Convention is to copyright and how important the Paris Convention is to patents and the excellent job the World Intellectual Property Organization does in administering these treaties, but it is rather amazing that the U.S. is not currently a party to any international trademark registration system. This is especially amazing to those of us in this room who know full well that our marketplace today is more global than ever and how crucial trademarks are to both our national and international economies.

The bill which the chairman and I introduced this week and the bill before us this morning will implement a protocol relating to the Madrid Agreement protocol, drafted in 1989 by 27 countries, including the U.S., will establish an international trademark registration system which will be independent of, but parallel to, the Madrid agreement.

This protocol is important because it will provide U.S. trademark owners with the ability to protect their product and to more effectively compete in a global marketplace. I hope we can quickly move this legislation through the Congress.

In conclusion, Mr. Chairman, I would like to especially welcome our international visitor, Mr. Bogsch who has done such an outstanding and competent job as Director General of WIPO.

Thank you.

Mr. HUGHES. I too want to welcome Dr. Bogsch. We are indeed honored and flattered that you would join us today. And we are delighted to have Mr. Baeumer, with us from WIPO and we welcome him. Mr. Baeumer, as I understand, is the director of the Industrial Property Division of WIPO and we welcome you.

Our first witness this morning is Michael Kirk, who is presently the Acting Commissioner of Patents and Trademarks and has been since February 15 of this year. He has had a long and illustrious career at the Patent and Trademark Office.

He has been a central U.S. negotiator for trade-related intellectual property rights in the European round of the GATT talks and the Assistant Commissioner for Internal Affairs at the PTO. He has been responsible for legislative matters. Mr. Kirk received his bachelor of science degree in electrical engineering from the Citadel in 1959 and his doctor of laws in 1965 from the Georgetown University Law Center. In 1969 he added a master of public administration from Indiana University.

We welcome you to today's hearing. We have your statement, which, without objection, will be made a part of the record. It is very comprehensive and we appreciate your submission of the statement. We hope you can summarize but you may proceed as you see fit. Welcome, Mr. Kirk and Bob Anderson, who joins us today.

STATEMENT OF MICHAEL K. KIRK, ACTING ASSISTANT SECRETARY, AND ACTING COMMISSIONER, U.S. PATENT AND TRADEMARK OFFICE, U.S. DEPARTMENT OF COMMERCE, ACCOMPANIED BY ROBERT ANDERSON, ACTING ASSISTANT COMMISSIONER FOR TRADEMARKS AND DEPUTY ASSISTANT COMMISSIONER FOR TRADEMARKS

Mr. KIRK. Yes, Robert Anderson is the Acting Assistant Commissioner for Trademarks and the Deputy Assistant Commissioner for Trademarks on a full-time basis. We appreciate this opportunity, Mr. Chairman, to present the administration's views on H.R. 2129, a bill to implement the Madrid Protocol.

The administration strongly supports the U.S. accession to the protocol. We believe the protocol's international registration filing system will open the doors to effective competition in the international marketplace for many U.S. businesses who have been unable to afford the cost of obtaining broad protection internationally for their trademarks.

While we have a suggestion for amending 2129, we believe it is an excellent vehicle to implement the protocol. In the past, the United States has not been interested in the international registra-

tion system of the Madrid Agreement due to several problematic provisions. The protocol concluded in 1989, creates a new international registration system which is parallel to but independent of the Madrid Agreement.

The protocol has addressed problems that existed with the Madrid Agreement to attract broader member support. The protocol is of substantial interest to the United States and to the United Kingdom which has also had reservations with the Madrid Agreement. When it enters into force, the protocol and its regulations will provide a trademark registration filing system that will permit U.S. trademark owners to file for registration in any member country desired by filing a single standardized application in English with a single set of fees in the U.S. Patent and Trademark Office.

Registration may be obtained without retaining a local agent and without filing a separate application in each country in some circumstances. Equally important, U.S. businesses often experience difficulties in obtaining valid assignments of their trademarks internationally due to burdensome international requirements for recordation of an assignment in many countries. These difficulties can hinder the normal transfer of business assets. The protocol would permit the trademark owner to record the assignment of a trademark registration in all designated countries upon the payment of a single fee and the filing of one document.

From the perspective of owners of trademark rights in the United States and of the U.S. PTO, the protocol will have no effect on the integrity of the trademark registration system in the United States. While the protocol will provide an additional basis for a foreign national to register a trademark in the United States, such a request will be subject to the same substantive requirements as exist today for domestic and foreign applicants.

Once an international registration is extended to the United States, the foreign holder of the international registration will have the same rights, remedies and obligations as a U.S. trademark registrant.

I would like to highlight briefly some of the aspects of the protocol system as it would be implemented by H.R. 2129.

An applicant for or an owner of a U.S. trademark registration will be able to file with the U.S. PTO an application for international registration. They must request that the international registration be effected in at least one country other than the United States. The U.S. PTO will certify the international application corresponds to the underlying U.S. application or registration and will forward the international application to the international bureau of WIPO which will administer the protocol.

Foreign nationals may obtain protection in the United States by following the same procedure in their countries, and specifying the United States as a country in which they are seeking protection. The international bureau will issue the international registration and forward the request for extension of protection of the international registration to the countries specified by the holder of the international registration.

The holder may request an extension of protection to member countries either at the time of filing the international application or at any time during the life of the international application.

Those countries specified will consider the extension request under their national laws, the same as if it were a national application for a trademark registration.

The international registration alone has no legal effect. It is the extension of the international registration to a particular country that has legal effect.

When the United States receives a request from a foreign national for extension of protection of the international registration, the U.S. PTO will examine this request in the same manner and pursuant to the same requirements including opposition as a nationally filed application.

We expect that the United States will elect under the protocol to receive filing and renewal fees comparable to our national application filing and renewal fees. There will be no adverse cost implications for the trademark system in the United States from adherence to the protocol.

To recognize the effect of an extension of protection in the United States, the U.S. PTO will issue a certificate of extension of protection. The certificate will have the same effect and validity as a U.S. trademark registration on the principal register, including constructive use as its filing date.

A person seeking extension of protection to the United States must make a statement of a bona fide intent to use the mark in commerce but will not have to use the mark in commerce before issuance of a certificate of extension of protection. This is the same treatment accorded to foreign applicants registering in the United States today pursuant to the Paris Convention under section 44 of the Lanham Act.

The protocol requires the national or regional office considering a request for extension of protection to notify the international bureau of all refusals following an examination as well as potential refusals based on the possibility of opposition. Absent timely refusal, the national or regional office, the U.S. PTO in our case, must extend protection to the international registration.

We expect that the United States will elect under the protocol a notification period of 18 months with additional time for trademarks subject to opposition or the possibility of opposition.

While it will be necessary for the U.S. PTO to continue to conduct a comprehensive first examination, we anticipate, in view of our trademark pendency since at least 1985, we will have no trouble meeting this time commitment. Additionally, if for some reason filings under the protocol should be so substantial as to threaten pendency, the fees received for these filings will support the additional effort needed to examine these applications in a timely manner with no impact on domestic pendency.

An international registration along with all of these extensions to member countries, regardless of when each extension was obtained, is renewable every 10 years from the date of the international registration upon payment of a fee to the international bureau.

Additionally for the extension of protection to remain in force in the United States, H.R. 2129 requires the filing of affidavits of continued use in commerce of the subject mark. These affidavits would be required to be filed by the 5th and 6th year after issuance of

the certificate of extension of protection, again on the 10th anniversary and every 10th year thereafter. This parallels the requirements for maintenance of a U.S. registration that we have in our law today, together with the requirement to file a declaration of a bona fide intent to use.

We believe these affidavits will prevent the clogging of our system with extensions of protection trademarks which the owner has no intention to use. The national application or registration forming the basis of the international registration may be abandoned, canceled or limited pursuant to national law. If this occurs as a result of action commenced within 5 years of the date of international registration, the international registration and its extensions will be canceled or limited to the same extent.

In this case, unlike the Madrid Agreement, the protocol permits transformation within 3 months of the extensions of protection into national applications in these countries. Each timely filed national application will receive as a filing date the date of the international registration or the date of the recordal of the extension of protection to the particular country if it occurred later.

The international registration becomes independent of its underlying national application or registration 5 years after issuance of the international registration. The protocol provides that an extension of protection to a particular country is deemed to replace an identical preexisting national registration owned by the same person, without prejudice to the rights acquired under the registration.

This provision permits trademark owners with national registrations to merge these registrations into the international registration for ease of maintenance worldwide without losing any rights that accrued to the earlier national registration.

This does not give the holder of the international registration any right or priority that does not already exist in the national registration. In our continuing review of the protocol and its implementation, we have concluded that this issue should be addressed by a statutory provision and we have included in my full statement a suggestion to that end.

With respect to U.S. applicants seeking to use the protocol system to obtain trademark protection in other countries, H.R. 2129 incorporated the filing and certification requirements of the protocol and draft regulations. It also authorizes a U.S. PTO fee to cover the cost of processing and certifying the international application as well as fees for the filing of affidavits as required for H.R. 2129.

Fees related to the recordation of assignments will be determined by and paid to the international bureau.

In considering the compatibility of our registration system with the protocol, an issue of particular interest is the applicability of U.S. PTO requirements pertaining to identifications of goods and services to requests for extensions of protection to the United States. These requirements concerning identification of goods and services vary widely from country to country.

The U.S. law and practice require a registration to contain a specific identification of goods and services. This is an important aspect of the law permitting the U.S. PTO and our courts to make informed and reasonable determinations regarding the likelihood of confusion between conflicting trademarks.

Some countries permit registrations to encompass extremely broad categories of goods and services regardless of actual or anticipated use. The holder of an international registration covering broad categories of goods and services will be required to narrow the identification to specific goods and services to obtain protection in the United States.

Conversely, a U.S. registrant seeking to obtain registration in a country permitting broad coverage, may be limited by reliance upon a more narrow U.S. registration. This difference in law and practice between the United States and some other countries with respect to the identification of goods and services underscores the fact that a U.S. trademark applicant may wish to file an application directly in another country rather than using the protocol in those circumstances.

A positive aspect of the protocol is that it provides an easy and economical alternative to a country by country approach for obtaining international trademark protection, but it does not preclude that approach for trademark owners who, for whatever reason, wish to file an application directly with a foreign country.

In 1992, the U.S. PTO received 125,000 applications and we have estimated that this number is going to increase by 6 percent each year. Of these, 17,600, or 14 percent, were filed by foreign applicants. This is down from 14.8 percent in 1991 and 15.9 percent in 1990. While it is difficult for us to estimate, we do not believe that there will be a significant increase in filings in the United States by foreign applicants under the protocol.

Since the United States is the world's largest market, we believe that the majority of those foreign businesses selling goods and services in the United States have already obtained registration here. We also believe that while foreign filings will not increase significantly overall, foreign trademark owners will shift away from obtaining protection in the United States through the filing of national applications in the United States to the obtaining of rights using the protocol.

This is much like the shift that we have seen with intent to use with applicants increasingly filing intent to use applications rather than use applications. Let me reiterate the administration's support for the protocol. We believe that the protocol's international registration system will significantly improve the U.S. trademark owners' ability to obtain broad protection for trademarks internationally.

We would be happy to answer any questions you may have. Thank you.

Mr. HUGHES. Thank you. Thank you very much, Mr. Kirk.

[The prepared statement of Mr. Kirk follows:]

PREPARED STATEMENT OF MICHAEL K. KIRK, ACTING ASSISTANT SECRETARY, AND ACTING COMMISSIONER OF PATENTS AND TRADEMARKS, U.S. DEPARTMENT OF COMMERCE

Mr. Chairman and Members of the Subcommittee:

Thank you for this opportunity to present the Administration's views on H.R. 2129, a bill to implement the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (Protocol). The Administration strongly supports United States accession to the Protocol and strongly supports this bill as the means to implement the Protocol. The Protocol's international trademark registration filing system will open the doors to effective competition in the inter-

national marketplace for many U.S. businesses who have been unable to afford the cost of obtaining broad protection internationally for their trademarks.

Trademarks, representing the goodwill of a business and identifying its products and services, are among the most valuable assets of a business. One major obstacle to obtaining protection internationally for trademarks is the difficulty and cost of obtaining and maintaining a registration in each and every country. As a result, many U.S. businesses are forced to concentrate their efforts on protecting their trademarks in their major markets abroad and hope for the best in their other existing and prospective non-domestic markets. This hope often turns to despair as unscrupulous pirates register in their countries the marks of these U.S. businesses, which effectively closes that country's markets to the products and services of the U.S. business.

When it enters into force, the Protocol and its Regulations will provide a trademark registration filing system that will permit a United States trademark owner to file for registration in any number of member countries by filing a single standardized application, in English, with a single set of fees, in the U.S. Patent and Trademark Office (USPTO). Registration may be obtained without retaining a local agent and without filing a separate application in each country. Equally important, under the Protocol, renewal and assignment of a trademark registration in each country may be made by the filing of a single request with a single fee. Thus, those U.S. businesses that are now limited in their ability to obtain broad international protection for their trademarks, will have easier and more cost-effective access to that protection through the Protocol's trademark registration filing system.

From the perspective of the owners of trademark rights in the United States and of the USPTO, the Protocol will have no effect on the integrity of the trademark registration system in the United States. While the Protocol will provide an additional basis for a foreign national to register a trademark in the United States, such a request will be subject to the same substantive requirements as exist in the law today for domestic and foreign applicants. Once an international registration is extended to the United States, the foreign holder of the international registration will have the same rights, remedies and obligations as a U.S. registrant.

This bill, H.R. 2129, contains only provisions necessary to implement the Protocol in a separate Title to the Trademark Act of 1946. This new Title incorporates by reference the substantive requirements, obligations, rights and remedies of the existing Titles I through XI of the Trademark Act.

HISTORY OF PROTOCOL

The Protocol traces its genesis to the Madrid Agreement Concerning the International Registration of Marks (1891), revised at Brussels (1900), Washington (1911), The Hague (1925), London (1934), Nice (1957) and Stockholm (1967), and amended in 1979 (Madrid Agreement), which establishes an international trademark registration system that is administered by the International Bureau of the World Intellectual Property Organization (International Bureau).

Between 1986 and 1989, the International Bureau convened meetings of governmental experts to develop an international trademark registration system that could gain wide acceptance. These experts conceived of a protocol based upon the Madrid Agreement, but with certain changes to attract a broader membership. On June 27, 1989, at the Diplomatic Conference held in Madrid, the States party to the Madrid Agreement concluded a Protocol, which was signed by 27 of the 29 States party to the Madrid Agreement. The Protocol will establish an international trademark registration system which is independent of, but parallel to, the Madrid Agreement. The Protocol is not in force yet. Article 14(4)(a) of the Protocol provides for entry into force of the Protocol three months after ratification, acceptance, approval or accession by four States or organizations, as provided therein. To date, Spain has deposited its instrument of ratification. Once the Protocol enters into force, Article 14(4)(b) provides that the Protocol shall take effect in a State or organization three months after the date on which its ratification, acceptance, approval or accession has been notified by the Director General of the World Intellectual Property Organization.

Article 10(1)(a) provides that each Contracting Party to the Protocol shall be a member of the same Assembly as the countries party to the Madrid Agreement. Article 10(2)(iii) provides that the Assembly shall, *inter alia*, adopt and modify the provisions of the Regulations concerning the implementation of the Protocol. The International Bureau has convened several meetings, in which the United States has actively participated as an observer, to draft Regulations to implement the Protocol. A final draft of the proposed Regulations will be presented to the Assembly for adoption once the Protocol enters into force.

HISTORICAL ISSUES FOR UNITED STATES

The United States has never belonged to an international trademark registration system, but has considered one in the past because of the trade advantages such a system would offer. In the late 1960's the United States considered joining the Madrid Agreement, but concluded it contained provisions disadvantageous to United States trademark owners and unworkable under existing law. Specifically, the following provisions of the Madrid Agreement were considered undesirable by the United States:

(1) the requirement that the international application be based on a country of origin registration (Given the long pendency of applications in the United States at that time and the requirement for use of a trademark prior to filing, this requirement would have required the United States trademark owner to wait beyond a reasonably prudent time before seeking registration internationally under the Madrid Agreement.);

(2) the provision called "central attack," which results in the cancellation of all international registrations if the country of origin registration is cancelled in the first five years;

(3) the requirement that the application be in the French language;

(4) the provision for a maximum 12-month period within which a country could refuse to give effect to the international registration (This was a problem because, at that time, pendency of applications in the United States was substantially more than 12 months.); and

(5) the provision designating low filing and renewal fees for the national office, which were less than the comparable national fees in the United States.

The Protocol exists independently of, and contains significant modifications to, the Madrid Agreement. In relation to the above-stated concerns, the Protocol provides:

(1) in addition to a country of origin registration, a country of origin application may be the basis of an international application (Because a trademark owner may now file an application in the United States based upon a bona fide intention to use a mark, protection could be sought internationally at an early stage in the development of the trademark.);

(2) if the basis of an international registration is extinguished during its first five years, the registration may be converted into a national application in a designated country, and retain its original effective filing date;

(3) the working languages, determined by the proposed Regulations, are English and French;

(4) member countries may have up to 18 months to refuse to effect an international registration, with an additional 7 months from the beginning of an opposition period (Over the past few years, the average pendency of trademark applications in the Patent and Trademark Office (USPTO) has been between 12 and 15 months, with an initial notification of refusal usually between 3 and 5 months.);

(5) a member country may charge the equivalent of its national filing and renewal fees, diminished only by any savings resulting from the international procedure.

THE PROTOCOL'S INTERNATIONAL SYSTEM DESCRIBED

The following description of the operation of the Protocol in the United States is based upon the text of the Protocol and the draft Regulations of February 5, 1993.

1. Filing of International Application

From the perspective of a United States trademark owner, an applicant for, or the owner of, a United States registration will be able to file with the USPTO, which will be considered the office of origin, an application for international registration along with a request that the international registration be effected in at least one country other than the United States. The international registration may not be effected in the country of origin. The USPTO will certify that the international application corresponds to the underlying United States application or registration and will forward the international application to the International Bureau, which will administer the Protocol. Foreign nationals may obtain protection in the United States by following the same procedure in their countries of origin and specifying the United States as a country in which they are seeking protection.

2. Issuance of International Registration

The International Bureau will issue the international registration, if all filing requirements are met, and publish the mark in the International Gazette. The International Bureau will then forward the request for extension of the international registration to the countries specified by the holder of the international registration. The holder may request an extension of protection to member countries either at the time of filing the international application or at any time during the life of the international registration. Those countries specified by the holder of the international registration will consider the extension request under their national laws the same as if it were a national application for a trademark registration. The international registration alone has no legal effect. It is the extension of the international registration to a particular country that has legal effect.

3. Request for Extension of Protection to the United States by Foreign Holder of International Registration

When the United States receives a request from a foreign national for extension of protection of the mark in an international registration, the USPTO will examine the request in the same manner, and pursuant to the same requirements, as a nationally-filed application. Following examination by the USPTO and successful resolution of all requirements and refusals, the mark will be published for opposition. If an opposition is not filed, or is not successful, the Commissioner of Patents and Trademarks will issue a certificate of extension of protection, which will have the same effect and validity as a United States registration on the Principal Register. The owner of an international registration seeking extension of protection to the United States would not have to use its mark in commerce before issuance of a certificate of extension of protection. This is the same treatment accorded to a foreign applicant registering in the United States pursuant to the Paris Convention under Section 44 of the Trademark Act of 1946 (15 U.S.C. 1126).

The Protocol requires the national or regional office considering an extension request to notify the International Bureau of all refusals within a specified period of time. This includes refusals following an examination, as well as potential refusals based on the possibility of opposition. Absent timely refusal, the national or regional office, the USPTO in our case, must extend protection to the international registration.

4. Maintenance of International Registration and Its Extensions of Protection

An extension of protection to additional countries may be requested at any time during the life of the international registration. An international registration, along with all of its extensions to member countries, regardless of when each extension was obtained, is renewable every ten years from the date of the international registration, upon payment of a fee to the International Bureau. Additionally, for the extension of protection to remain in force in the United States, the United States will require the periodic filing of affidavits of continued use in commerce of the subject mark.

5. Cancellation or Limitation of International Registration

The national application or registration forming the basis of an international registration may be abandoned, cancelled, revoked or limited, pursuant to national law. If this occurs as a result of action commenced within five years of the date of international registration, the office of origin must notify the International Bureau, which will, in turn, similarly cancel or limit the international registration. In the absence of such action, the international registration becomes independent of its underlying national application or registration five years after issuance of the international registration.

If an international registration is cancelled as to all or some of the goods or services within five years of its registration date at the request of the office of origin, each country that has extended protection to that international registration will cancel the attendant extension of protection to the same extent.

However, in this case, the Protocol permits transformation of the extensions of protection into national applications in these countries. The holder of the cancelled international registration may file, within three months of the cancellation of the international registration, national applications for the same mark in relation to the cancelled goods or services in each country that had extended protection to the international application. Each national application will receive as a filing date the date of the international registration or, if later, the date of the recordal of the extension of protection to the particular country.

6. Recordation of Assignment or Change of Ownership

Often, United States businesses experience difficulties effecting valid assignments of their marks internationally due to the burdensome administrative requirements for recordation of an assignment in many countries. These difficulties can hinder the normal transfer of business assets. The Protocol will permit a trademark owner to record the assignment of a trademark registration in all designated countries upon the payment of a single fee and the filing of one document.

7. Protocol System not Exclusive of National and Regional Trademark Registration Systems

Use of the procedures established by the Protocol is optional for applicants. Applicants may continue to file individual trademark applications in each country in which they seek protection. Furthermore, the Protocol in no way diminishes the right of priority and national treatment which applicants are accorded under the Paris Convention for the Protection of Industrial Property.

8. Replacement of National Registration by Extension of Protection

The Protocol provides that an extension of protection to a particular country is deemed to replace an identical pre-existing national registration owned by the same person in that country, with no prejudice to the rights acquired under the registration. This provision permits trademark owners with national registrations to merge those registrations into the international registration for ease of maintenance worldwide, without losing any rights that accrued to the earlier national registration. This does not give the holder of the international registration any right or priority that does not already exist in the national registration.

In our continuing review of the Protocol and issues pertinent to its implementation in the United States, we have recently concluded that this issue should be addressed by statute to ensure recognition of the legal equivalence of the U.S. registration and the subsequent identical extension of protection to the United States.

We have prepared draft language to implement this provision, Article 4bis of the Protocol, which we have attached as an appendix to our testimony for consideration by the Subcommittee.

IMPLEMENTATION OF THE PROTOCOL PURSUANT TO H.R. 2129

H.R. 2129 implements the international system described above in the United States. With respect to U.S. applicants seeking to use the Protocol system to obtain trademark protection in other countries, H.R. 2129 incorporates the filing and certification requirements of the Protocol and draft Regulations, as discussed above. In addition to the fees required under the Protocol draft Regulations in connection with the international application and requests for extensions of protection, H.R. 2129 authorizes a USPTO fee to cover the cost of processing and certifying the international application, as well as fees for the filing of affidavits and specimens of use as required by H.R. 2129. USPTO regulations will specify relevant procedures and forms. Fees related to renewal of the International Registration and recordation of assignments will be determined by and paid directly to the International Bureau.

With respect to foreign holders of international registrations seeking extension of protection in the U.S., in addition to incorporating the requirements of the Protocol and draft Regulations, as discussed above, H.R. 2129 contains several provisions unique to the United States. These provisions are within the parameters of the Protocol, and ensure the compatibility of U.S. trademark law with the Protocol's international registration filing system by maintaining the viability of certain basic principles in our law. These provisions primarily accommodate our use requirements and our extensive preregistration examination.

1. Use Requirements

First, through its active participation in the drafting of the Regulations for the Protocol, the United States obtained a provision in those draft Regulations that requires any request for extension of an international registration to the United States to include an affidavit of bona fide intent to use the mark in commerce in the United States. This requirement, incorporated in H.R. 2129, maintains the integrity of one of the most cherished principles of U.S. trademark law, that all applicants for trademark registration in the United States must allege either use of their mark in commerce, or a bona fide intention to use their mark in commerce in the United States.

Second, H.R. 2129 requires the holder of an extension of protection of an international registration to the United States to file affidavits and specimens of use of the mark in commerce in the United States during the fifth year after issuance of

the certificate of the extension of protection by the USPTO and every ten years after issuance. For the purpose of computing these dates in the context of the commencement of the rights in the United States, H.R. 2129 provides that the USPTO will issue a certificate of extension of protection. The issue date of the certificate of extension of protection is the same as the registration date of a domestic application, following the examination and opposition process. This requirement maintains the integrity of another important principle of U.S. trademark law, that all trademark registrants in the U.S. must periodically file statements and evidence of use to support their registrations.

Pursuant to the Protocol and its draft Regulations, an international registration, along with each of its extensions of protection in various countries, is automatically renewable every ten years from the date of registration upon payment of the appropriate fees to the International Bureau. The affidavit and specimen requirements in H.R. 2129 are additional requirements that the holder of an international registration must meet to maintain the extension of protection to the United States.

The requirement of all applicants for a statement of bona fide intent to use a mark in commerce in the United States, along with the requirements in the law for use of a mark, should prevent the proliferation of extensions of protection of marks which the owner is not using or has no intention of using.

2. Effect of Extension of Protection

H.R. 2129 provides that an extension of protection of an international registration to the United States shall have the same effect and validity as a registration on the principal register, entitling the holder to the same rights and remedies under the trademark law. In this regard, H.R. 2129 confers constructive use upon an extension of protection as of its proper filing. As required by the Protocol, an extension of protection is entitled to a right of priority within the meaning of Article 4 of the Paris Convention for the Protection of Industrial Property (Paris Convention).

Additionally, H.R. 2129 provides that an extension of protection is entitled to attain incontestable status within the meaning of Section 15 of the Trademark Act of 1946 (15 U.S.C. 1065) within the same period described in Section 15, which shall begin no earlier than the date of issuance of the certificate of extension of protection by the USPTO.

3. Substantive and Procedural Examination

Substantive issues are not addressed in the Protocol, since the Protocol is primarily a filing system. The Protocol specifies that the member countries may apply their national law to determine the acceptability of an international registration in that country. H.R. 2129 incorporates all of the requirements for examination and opposition existing in the trademark law and applies them to requests for extension of protection to the United States. In practice, the law will require the USPTO to apply the same standards in evaluating the acceptability of a mark for protection in the U.S. under both the domestic application process and the Protocol process.

In considering the compatibility of our registration system with the Protocol, an issue of particular interest is the applicability of USPTO requirements pertaining to identifications of goods and services to requests for extension of protection to the United States. The requirements concerning identifications of goods and services vary widely from country to country. United States law and practice require a registration to contain a specific identification of goods and services. This is an important aspect of the law permitting the USPTO and the courts to make informed and reasonable determinations regarding likelihood of confusion between conflicting marks. Some countries permit registrations to encompass extremely broad categories of goods or services, regardless of actual or anticipated use.

The Paris Convention permits the filing of an application in a member country based upon a registration in the applicant's country of origin. Like the Protocol, evaluation of such an application is based upon national law in the country receiving the application. Today, the owner of a foreign registration covering broad categories of goods and services must narrow the identification to specific goods and services to obtain a registration in the United States. Conversely, a U.S. registrant seeking protection today in a country permitting broad coverage, may be limited by reliance upon a more narrow U.S. registration. In limited situations, depending upon the U.S. registrant's plans for expansion in certain countries, this can disadvantage the U.S. registrant. In such a case today, the U.S. registrant may choose to file directly in another country, rather than relying on its U.S. registration.

This difference in law and practice between the U.S. and some other countries with respect to identifications of goods and services underscores the fact that, in some instances, a U.S. applicant may wish to file a trademark application directly in another country, rather than using the Protocol. A positive aspect of the Protocol

is that it provides an easy and economical alternative to the country-by-country approach to obtaining international trademark protection, but it does not preclude that approach for those trademark owners who, for whatever reason, wish to file an application directly with a foreign country.

4. Notice of Rights Under the Protocol

The International Bureau has agreed to share with the USPTO its computer records of international applications and registrations which include an extension of protection to the U.S., or a request for such. This will provide U.S. trademark owners with early notice of requests for recognition of trademarks in the U.S. through the Protocol international registration system. This is an important aspect of the proposed relationship between the USPTO and the International Bureau, because an extension of an international registration to the U.S. will usually have an effective filing date equivalent to its filing in its country of origin office.

USPTO IMPLEMENTATION OF H.R. 2129

1. Costs

Implementation of H.R. 2129 will require an intensive effort by the USPTO with respect to designing and implementing operational and automation changes, as well as publishing extensive regulations. The USPTO has begun preliminary planning for implementation of the Protocol and estimates the costs of preparing for implementation to be \$4.8 million over five years from 1992 to 1996. This cost estimate is comparable to the cost of implementation experienced by the USPTO of the Trademark Law Revision Act of 1988, which became effective on November 16, 1989.

2. Anticipated Filings

In FY 1992, the USPTO received 125,237 applications, of which 17,653, or 14%, were filed from foreign countries. The percentage of total filings which were from foreign countries was 14.8% in FY 1991 and 15.9% in 1990. Under the existing law, the USPTO estimates an annual overall increase in future filings of 6%.

While it is difficult for the USPTO to estimate, at this time, to what extent and when there will be an increase in foreign filings under the Protocol, the USPTO believes that there will not be significant increases in foreign filings. The Protocol is not in effect yet, Spain being the only country that has actually ratified the Protocol. In view of the fact that 27 of the 29 members of the Madrid Agreement signed the Protocol, signaling their intention to ratify the Protocol, membership in the Protocol will grow over the next few years. If the United States accedes to the Protocol at an early stage, it will be part of a presumably small, albeit growing, group of Protocol countries. This gradual growth of the Protocol system will ease the difficulty of implementation in the United States and should ensure that any increase in filings in the United States due to the Protocol will be gradual.

However, the USPTO believes that increases in foreign filings will not be significant even once the Protocol enjoys a "full" membership. Since the United States is the world's largest market overall, we believe that those foreign businesses selling goods and services in the United States have already sought registration in the United States and will continue to do so at the same rate. We believe that any increase in filings under the Protocol would come primarily from those foreign businesses that have been unable to afford to register their marks in a major market like the United States. However, we also believe that, while foreign filings will not increase significantly overall, foreign trademark owners will shift away from obtaining protection in the United States through the filing of national applications in the United States to the obtaining of rights in the United States under the Protocol.

3. Impact of Protocol Notification Requirements

Pursuant to the declarations permitted under the Protocol, H.R. 2129 gives the USPTO an eighteen-month period in which to notify the International Bureau of all grounds of refusal. While it will be necessary for the USPTO to conduct a comprehensive first examination, we anticipate that, in view of both trademark pendency to first action and to registration, we will have no trouble meeting this time commitment. Notice of the possibility of opposition must also be made within this eighteen-month time limit, which likewise should not be a problem for the USPTO. However, to the extent that a request for extension of protection has not completed the opposition process, the USPTO will send a notice of refusal to the International Bureau on the ground of the "possibility of opposition." This is expressly permitted in the Protocol.

As required by the Protocol, H.R. 2129 requires notification to the International Bureau of all grounds for opposition within, at the latest, seven months from the date of publication of a mark for opposition. Since a potential opposer may obtain extensions of the time to file the notice of opposition, USPTO regulations will have to require, with regard to a potential opposition to an extension of protection, that the potential opposer state all grounds which may be the basis for the potential notice of opposition within a reasonable period of time to permit the USPTO to notify the International Bureau within the time period.

We do not believe that we will have to expedite Protocol requests at the expense of national applications. Our pendency experience since at least 1985 supports this view. Additionally, if, for some unanticipated reason, filings under the Protocol should be so substantial as to threaten pendency, the fees received for these filings will support the additional effort needed to examine these filings in a timely manner with no impact on domestic pendency.

ACCESSION TO THE PROTOCOL

Since legislation is necessary to implement our obligations under the Protocol, should the United States accede, H.R. 2129 provides, in Section 4, that "This Act shall take effect upon entry into force of the Madrid Protocol in respect to the United States." Therefore, the President would deposit the instrument of accession by the United States to the Protocol only after Congress has enacted all legislation necessary to implement the Protocol domestically and the Senate has informed the President of its advice and consent to the accession. Further, the President would defer deposit of the instrument of accession for a period of months after Congress has enacted all legislation necessary to implement the Protocol domestically to allow sufficient time for implementing regulations to be promulgated and operational adjustments to be made.

The Protocol, which is not yet in force, will enter into force three months after the requisite four States or organizations ratify, accept, approve or accede. After entry into force of the Protocol, it will take effect in a State three months after that State's accession. There is no provision in the Protocol to delay its entry into force in a State for a period of more than three months after deposit of the instrument of accession. Therefore, delaying the deposit of the instrument of accession by the United States for a period of months after passage of legislation is necessary to give the USPTO sufficient time to implement the law.

RECOMMENDED DECLARATIONS UNDER THE PROTOCOL

We recommend that United States accession should be accompanied by three declarations, as permitted pursuant to Protocol Article 5, paragraphs (2) (b) and (c), Article 8, paragraph (7) (a), respectively, as explained below. Additionally, we are considering the advisability of a declaration pursuant to Article 14, paragraph (5), as explained below. The recommendation that these declarations be made by the United States would be a part of the President's request to the Senate for advice and consent to adhere to the Protocol. H.R. 2129 anticipates that the first three declarations noted above will have been made by the United States. The fourth noted declaration, if made, does not require any amendment to H.R. 2129.

The first declaration, under Article 5(2)(b), permits the extension of the time period within which a Contracting Party must notify the International Bureau of its refusal to extend protection to an international registration. Article 5(2)(a) requires a Contracting Party to notify its refusal to extend protection to a mark in an international registration, along with a statement of all grounds, before, at the latest, the expiry of one year from the date on which the notification of the extension request was sent to a Contracting Party by the International Bureau. Article 5(2)(b) provides that, for international registrations made under this Protocol, the time limit of one year referred to in Article 5(2)(a) is replaced by eighteen months. This declaration is necessary to ensure that sufficient time exists for the request for extension of protection to be examined in the USPTO and, in the majority of cases, published for opposition.

The second declaration, under Article 5(2)(c), concerns a refusal of protection with respect to any given international registration resulting from an opposition to the granting of protection. This Article permits a Contracting Party to notify the International Bureau before the expiry of the 18-month time limit of the possibility that an opposition may be filed beyond this time limit. This will permit the Contracting Party to notify the International Bureau after the expiry of the 18-month time limit of a refusal based upon an opposition. However, the Contracting Party must notify the International Bureau of the grounds of opposition not more than seven months from the date on which the opposition period begins; or if this opposition period ex-

pires before this seven-month time limit, the notification must be made within one month from the expiry of the opposition period. This declaration is necessary to ensure that sufficient time exists for a mark which is the subject of a request for extension of protection to be published and for a third party to preserve its right to oppose and specify the grounds for opposition.

The third declaration, under Article 8(7)(a), concerns the fees to which the United States is entitled in connection with an extension of protection of an international registration. Article 8(1) of the Protocol permits a Contracting Party, when it is the office of origin, to fix and collect fees in connection with the filing of an international application or renewal of an international registration. Article 8, paragraphs two through six, provide for the distribution of the International fee for registration of a mark with the International Bureau according to a formula which would divide revenues equally among Contracting Parties. Article 8(7)(a) permits a Contracting Party to receive, instead, in connection with each international registration for which an extension of protection to a Contracting Party is requested, and in connection with the renewal of any such international registration, fees which are comparable to the national application filing fee and registration renewal fee, respectively, in effect at the time of declaration. Article 8(7)(a) requires, in arriving at the fee amounts, that the national fee be diminished by the savings resulting from the international procedure. The United States would make this declaration to ensure that the USPTO receives sufficient fees to support the costs associated with its obligations under the Protocol.

The fourth declaration subject to consideration, under Article 14(5), is that the protection resulting from any international registration effected under the Protocol before the date of entry into force of the Protocol in a Contracting Party cannot be extended to that Contracting Party. This declaration does not effect priority of rights in a Contracting Party since rights appurtenant to an international registration can not exist in a Contracting Party prior to the request for extension of protection to that Contracting Party. This request cannot predate that Contracting Party's accession to the Protocol.

The declaration under Article 14(5) is intended to avoid the possibility of substantial numbers of requests for extensions to a Contracting Party of international registrations effected under the Protocol before that Contracting Party acceded to the Protocol. While we are sensitive to the concerns expressed by some in the trademark community, for the reasons stated above we do not believe either that the USPTO will receive substantial numbers of requests for extension of protection upon United States accession to the Protocol, or that the requests received will have a negative effect on pendency of national applications. Thus, we do not believe that this declaration is necessary. Furthermore, we would hope that other Contracting Parties will not elect this declaration because of the limitations it places on the ability to extend existing international registrations to all Protocol Contracting Parties, regardless of when they joined the Protocol.

APPENDIX TO STATEMENT OF MICHAEL K. KIRK

(Proposed Language (*italicized*) to Implement Article 4bis of the Protocol)

Sec. 73. Incontestability

The period of continuous use prescribed under section 15 for a mark covered by an extension of protection issued under this title may begin no earlier than the date on which the Commissioner issues the certificate of the extension of protection under section 69, *except as provided in section 74.*

Sec. 74. Replacement of Registration by Extension of Protection

An extension of protection shall have the same effect and validity, and the same rights and remedies, as an existing registration where both the extension of protection and the existing registration are owned by the same person, have identical marks and goods and services, and the certificate of extension of protection is issued after the date of the existing registration.

ANALYSIS

The proposed language implements Article 4bis of the Protocol, which provides that an extension of protection to a particular country is deemed to replace an identical pre-existing national registration owned by the same person in that country, with no prejudice to the rights acquired under the registration. Article 4bis permits trademark owners with national registrations to merge those registrations into the international registration for ease of maintenance worldwide, without losing any

rights that accrued to the earlier national registration. This does not give the holder of the international registration any rights or priority that does not already exist in the national registration.

Section 74 provides that, under the conditions listed in the section, the subsequent identical extension of protection to the United States is in all respects legally equivalent to the U.S. registration. Section 74 and the proposed amendment to section 73 ensure that all benefits of the earlier date of registration transfer to the extension of protection. For example, the proposed language ensures that an extension of protection that is identical to a pre-existing U.S. registration (1) is not subject to cancellation, pursuant to 15 U.S.C. 1064(1), for more than a five year period after the date of the U.S. registration, and (2) has attained incontestability to the same extent as the pre-existing registration under 15 U.S.C. 1065.

Mr. HUGHES. One issue that is raised is the ability of the United States to enforce substantive law with respect to the bona fide intent to use the mark in commerce. Isn't the issue critical enough to be included in the Madrid Protocol as opposed to proposed regulations for the protocol?

Mr. KIRK. The requirement to have the intent to use with applications coming in is extremely important to us. Given the history of the negotiation, however, it was not possible to get this into the protocol itself. At the time that the United States was considering whether it would adopt an intent to use system for the U.S. law, the protocol was being finalized.

And this was being finalized under the aegis of the Madrid Agreement, which of course the United States was not a member of. So we are in a situation where the timing did not quite work out. Had we had intent to use enacted at an early enough stage, representations could have been made to include this in the protocol in a more straightforward fashion.

Having said that, we are comfortable that the other participants in the negotiations and the deliberations on the regulations understand how important this is to us. And we believe that the other countries are going to continue to have the bona fide intent to use provision in the regulations and that they are not going to take this away from us. So we are comfortable, particularly with Dr. Bogsch's assistance, that we will maintain this.

Mr. HUGHES. Do you have an estimate of when the Madrid Protocol is expected to be approved by the required parties and does this determine when it can be presented to the Senate for ratification?

Mr. KIRK. Well, the protocol itself requires that it be ratified by four countries, one of which must be a Madrid country, one of which must be a non-Madrid country and two others. A Madrid country, Spain, has already ratified the protocol. That means that now three countries, one of which must be a non-Madrid country, can ratify and bring the agreement into force.

As you know, this is the first statement by the Clinton administration with respect to the protocol. And indeed, this statement was approved yesterday about noon, as Jarilyn well knows. And I think, therefore, the effort will begin in earnest throughout the executive branch to prepare the necessary paperwork to forward the request for advice and consent to ratification to the Senate for its consideration.

We would be hopeful that that request would be forwarded from the State Department to the President and that the President would act favorably on that this year. And once that request reaches the Senate Foreign Relations Committee, there is no set

formula on how they might proceed. With respect to the Patent Co-operation Treaty, they simply assured themselves that there was implementing legislation being considered by the Congress and went ahead and proceeded to give advice and consent to ratification to the treaty, which then the President held until the implementing legislation for PCT had been enacted and then he deposited the instrument of ratification.

Something similar to that could well happen here and we would be hopeful that it would happen sooner rather than later. We think it is in the best interests of the United States to move quickly on this, to be one of the very earliest countries to accede to the protocol. Once we do that, other countries will be encouraged to come in. As I mentioned, the United Kingdom and possibly the Japanese will look more favorably toward protocol membership.

And obviously the more countries that come into the protocol, the more useful it is to our trademark owners seeking protection abroad.

Mr. HUGHES. Well, that would be a nice change if the United States would be among the first to ratify a treaty of this nature. So your intent is to—the hope is that you can request advice and consent from the Senate before this year is out?

Mr. KIRK. That is our hope, yes, Mr. Chairman.

Mr. HUGHES. Your testimony indicates that the cost of implementation for the protocol is estimated at \$4.8 million over 5 years. Since the protocol is not yet in effect and probably will not be this year, would you break down these costs and what the figure actually covers?

Mr. KIRK. I would like to, if I could, ask Mr. Anderson to address that question.

Mr. ANDERSON. When we looked at costs for the protocol, we included everything from the initial discussions at the international bureau to final implementation. The costs started in 1992, they would terminate in 1996.

The \$4.8 million is roughly 60 percent personnel compensation that would largely occur in any case. The bulk of the cost is due to implementation of automated systems. The expenditures run in a bell curve. They are very low at this point. After legislation is passed, they would increase substantially as we get into the refining and setting requirements, and doing the actual programming to implement activities needed to handle protocol applications. And then costs drop off again as we clean up the systems.

We plan to implement in phases, initially taking in paper, then going to a full automated system. The ultimate goal is to have electronic data interchange between the United States and the international bureau to reduce problems and to speed the process up to the advantage of U.S. applicants.

Mr. HUGHES. Sir, your written testimony states that the PTO believes that foreign trademark owners may shift from filing directly in the United States to filing through WIPO under the international filing system. What would such a shift do in terms of revenues generated for PTO?

Mr. KIRK. Mr. Chairman, we believe that this will have no adverse impact on our revenues, because under the protocol, we can elect to receive our normal filing fee and our normal renewal fee,

subject only to any reductions accomplished by savings from using the protocol.

And assuming that there might not be any, at least in our view, there might not be any, we could require the full filing and renewal fees, the same fees that we charge today. So that it would have no adverse impact in that sense. Indeed, with the affidavit that we will require to be used, the affidavits of use, there may indeed even be a slightly more positive income stream.

Mr. HUGHES. Thank you. The gentleman from California.

Mr. MOORHEAD. Well, thank you, Mr. Chairman. I want to also welcome you, Mr. Kirk. It is good to have you here before us this morning. At this time the international register of marks contains more than 250,000 international registrations. If the United States joins the Madrid Protocol, how does it plan to deal with the potentially huge influx of filings based upon these existing 250,000-plus international registrations?

Mr. KIRK. Well, I think there are a number of factors, Mr. Moorhead. First, I would say that assuming that we are among the first countries to ratify and bring the protocol into existence, then the universe of other countries that would be filing into the United States would be rather small so that the number of registrations that they might wish to bring in would be rather small.

Mr. MOORHEAD. So it would be a gradual influx through the years if the other countries join?

Mr. KIRK. That is right. Plus this is offset by the fact that many of these marks would already be registered in the United States by foreign companies doing business here. So, the number we believe would be rather on the small side.

Mr. MOORHEAD. Because the protocol imposes an 18-month time limit for notification of refusals, will the Office ever need to create a fast track for examination of Madrid requests for extension while our domestic applications are on the slow track?

Mr. KIRK. We do not believe that will be the case, for a number of reasons. At the time we implemented the intent to use provisions in 1989, we almost overnight had an increase of 50 percent in the number of applications filed on the basis of intent to use.

At that time, with this huge surge, the pendency to first action never reached 6 months, and the pendency to disposal, that is to registration, never reached 16 months. So in that very severe situation, we never reached the 18-month time limit. And as we were saying a moment ago, we don't believe that the number of filings is going to be great. It will gradually increase and we think that we will have the ability to manage it.

But all things said and done, we will have the revenue coming in to hire the examiners to process the workload when it comes. And it has been our experience in the past that when we have received workload increases of this type, we have been successful in having the Office of Management and Budget apportion us the ability to hire the necessary people and even if that were not the case, we are certain that within the Patent and Trademark Office, 4,500 employees, we will be able to find the necessary positions to ensure that there will be no problem with the 18-month time limit.

Mr. MOORHEAD. On the other side, the Japanese trademark office has been very slow at processing trademark applications filed by

United States citizens. Is Japan likely to join the protocol? And if so, would they process United States applications with a greater speed than they have done in the past?

Mr. KIRK. It is very difficult for me to address what the Japanese are likely to do or not to do, but let me say that it would be our expectation that there would be a big incentive on the part of Japan to join the protocol and to participate.

Now, once they did it, the question of would they actually speed up the process is entirely another matter.

There is, to my understanding at least, one current member of the Madrid Agreement which has difficulty meeting the time limits in the Madrid Agreement, and that country, as I understand it, simply makes a pro forma refusal to all applications when they are filed and then takes its time examining the applications so that they have met the time limit.

And whether the Japanese would follow some technique such as this or would actually speed up the process, I could not say.

Mr. MOORHEAD. That is a strange procedure. I wouldn't think that would make many friends and I would think it would cause for confusion than it would do them any good following that kind of a procedure.

Mr. KIRK. I would think, Mr. Moorhead, once we become a member of the protocol, and we are complying with the letter of the protocol, and conducting a prompt examination in line with our obligations under the protocol that, we would take a rather dim view of such a practice.

Mr. MOORHEAD. Thank you very much.

Mr. KIRK. Thank you.

Mr. HUGHES. Thank you. The gentleman from North Carolina.

Mr. COBLE. Thank you. Mr. Kirk, the gentleman from California asked you concerning the timeframe imposed regarding refusals. Permit me to ask you what is the pendency at PTO from the date of filing of a trademark to issuance?

Mr. KIRK. Right now we are slightly over 14 months from the time of filing to the time of issuance. We are between 3 and 4 months to the first opinion, so that the applicant has an indication of the direction we are headed in within 3 or 4 months. And then the final activity is concluded within 14.

Mr. COBLE. And what is the fee or the cost?

Mr. KIRK. The cost for filing a trademark application at the moment is \$210. And we are hopeful that we will be able to submit legislation to this committee in the not too distant future that will raise this to \$245.

Mr. COBLE. Mr. Kirk, since Madrid requests for extensions of protection do not require use in commerce prior to the grant of extension of protection—and I am not saying this, but I am asking this—would these extensions of protection, because of this, tend to clog the register with deadwood or excess baggage?

Mr. KIRK. Well, we do not believe that would be the case. First of all, we like you would not suggest that anyone coming from abroad would—

Mr. COBLE. That is why I insulated myself.

Mr. KIRK. We would join your insulation on that. Having said that, we would also add that we are going to impose a statement

of use, an affidavit of continuing use between the 5th and 6th year from the issuance of the certificate. This is similar to what we do for our domestic applicants with the section 8 affidavit so that during that period from the 5th or 6th year, after the certificate of protection is issued, the owner of that certificate would have to come in and file an affidavit saying that he/she, or the company, is still using that mark in commerce.

And today, a ballpark figure, approximately 55 percent of the marks that we register in the United States are dropped from the registry because of the inability of an applicant to make such a statement of continued use. There will also be the affidavit of continuing use at the 10th year following the certificate of protection being issued.

And, again, our experience is that a very significant number also drop off the register at that time. So with our use affidavit requirements that the owner of the mark must come in and say, I am still using the mark, this is extremely effective in clearing the deadwood from our register.

Mr. COBLE. That would be sort of a check and balance it appears.

Mr. KIRK. Yes, sir.

Mr. COBLE. Thank you.

Mr. HUGHES. Mr. Kirk, how did you arrive at the \$245, recommendation which we can expect, the increase from \$210 to \$245? What were the factors that went into that computation?

Mr. KIRK. A number of factors went into that, Mr. Chairman. We were looking at the cost of operation of the trademark operation. As you know, we have not increased the trademark filing fee in line with the CPI beginning back in 1983 when we first adopted our new fee system. We have not been increasing that trademark fee in the same proportion.

So what has happened is that the costs have gotten larger than the income coming in. Now, in the past 2 years, we in essence have been relying upon a trademark revenue surplus that we had as well as some reductions in our costs in the trademark operation to hold costs down. We were able to do that for the past 2 years.

For fiscal year 1994, we simply aren't going to be able to do that, so we must have a cost of living adjustment.

Mr. HUGHES. Do you have any idea what will be the filing fee for a certificate of continued use?

Mr. KIRK. The filing fee for a certificate of protection would be the same as it would be for the domestic applications, so if we were to do it immediately, it would be \$210, and if we were to do it later on and if the committee approves our request, it would be \$245.

Mr. HUGHES. Thank you, thank you very much. We have some additional questions, but we will submit them to you in writing. And the record will remain open for 10 days for any responses. Thank you. You have been very helpful to us today.

Our next witness is Dr. Arpad Bogsch. He is accompanied by Ludwig Baeumer, the director of the Industrial Property Division. Since 1973 Dr. Bogsch has been the director general of the World Intellectual Property Organization and the secretary general of the International Union for the Protection of New Varieties of Plants.

He received his doctor of laws degree from a university in Budapest in Hungary in 1942 and from the University of Paris in 1953.

He began his legal career as an attorney in Budapest and followed it as a legal officer in the Copyright Division of UNESCO in Paris. He also has worked in the United States as a legal counselor in the U.S. Copyright Office in Washington, DC.

Dr. Bogsch held the position of first deputy general of WIPO and first deputy director of WIPO's predecessor organization. He is the recipient of many honors from all over the world. We are honored really to have you with us today. Likewise, Mr. Baeumer, we are delighted to welcome you to the committee.

We have your testimony, Doctor, which will be a part of the record in full, without objection. You may proceed as you see fit. We welcome you this morning.

**STATEMENT OF ARPAD BOGSCH, PH.D., DIRECTOR GENERAL,
WORLD INTELLECTUAL PROPERTY ORGANIZATION (WIPO),
ACCOMPANIED BY LUDWIG BAEUMER, DIRECTOR, INDUS-
TRIAL PROPERTY DIVISION**

Dr. BOGSCH. Mr. Chairman, Mr. Moorhead, it is a great privilege and distinction for the World Intellectual Property Organization to be heard in connection with this matter. I would make a very brief statement, and I am ready to answer your questions, sir.

At the present time in the Madrid Agreement, we receive 20,000 applications a year and although we have 35 participating countries, on the average only 10 countries are designated in each application to take advantage of the international registration, which means that we have 20,000 times 10, that is to say, the equivalent of 200,000 national applications per year.

The advantages I see for the United States to adhere to the revised system, which is called the system of the protocol, are principally three: One is that with a single act, filing one piece of paper, paying one set of fees, one can obtain the effect of application or registration in any of the countries which are members of the protocol. That means simplicity and legal security.

The second advantage is that the American applicants in many countries, whose offices are notoriously slow in making decisions—you have just made an allusion to that a few minutes ago—will receive registrations by default because, after 18 months, the international registration would have the same effect as the national registration.

And I would guess, Mr. Chairman, that depending on the composition of the membership, I would say at least 60, 70 percent of the cases registration effectively accrue by default, which means without any additional costs, without any additional steps to be taken.

The third and last advantage I want to mention is that in the life of a trademark, which may be 100 years or more, there are frequent changes in ownership and the name of the owner, assignments, in correcting mistakes, and these will be done again by one single act, and the effect of such a change, the registration in one paper, will be automatic for all the countries involved.

The last topic I would like to mention is the allegation sometimes heard that, because of its simplicity, the protocol system may increase substantially the number of applications coming from abroad into the U.S. Office.

I agree with Mr. Kirk that this is very unlikely, because anybody who wants, or wanted in the past, to have a trademark registration in the United States, has already asked for it and has it. So, many trademarks do not come suddenly into the U.S. register. What people will do, however, is that they will transform their national registrations into international registrations, and therefore they will facilitate for themselves the following of the due dates on which the renewal fees have to be paid, and they will pay them at the same time for all countries in which they have the effect of the international registration.

Mr. Chairman, you have asked a very interesting question or made the remark, and I would like to also contribute this answer. You asked why the United States should be among the first to act on this treaty. Well, the reason is twofold. One is that the present membership—which comprises the totality of Europe and some other countries, but does not comprise from Europe the United Kingdom and does not comprise the United States of America, does not need the protocol.

They only want to see the protocol to come into effect if new countries would adhere to the Madrid system and among these countries, of course, because of its importance, is the United States. And the number two is the United Kingdom because it is thought that if the United Kingdom adheres, then countries that have a similar system, like Australia, Canada, New Zealand, will also adhere.

The second reason is that countries and our secretariat have burned their fingers several times during the last 20 years. There were three notorious cases, one is with the Denmark case in 1973. Most people don't even remember it but that was a treaty also for international registration of trademarks and it was concluded under the leadership of the United States, and it never got near ratification.

The second was the microchip treaty in 1989, also an initiative of the United States, but the text was not satisfactory. It is now in deep freeze probably forever. And the third one was the film register treaty, which again was enthusiastically proposed by the United States but then its interest stopped, for reasons which everybody knows.

So, the countries do not want to—the other countries do not want to—be the first just to wait around and see whether the United States really is going to participate.

Mr. Chairman, I think that it is going to be an enormous benefit for the U.S. trademark owners who do business all over the world to have a somewhat simpler and more effective system than to go one-by-one to each country, whose number is growing everyday.

Three years ago we had 160 jurisdictions and now we have 180 jurisdictions and in 5 years we will have 200 jurisdictions.

Thank you very much.

Mr. HUGHES. Thank you, Dr. Bogsch.

[The prepared statement of Dr. Bogsch follows:]

PREPARED STATEMENT OF ARPAD BOGSCH, PH.D., DIRECTOR GENERAL, WORLD
INTELLECTUAL PROPERTY ORGANIZATION (WIPO)

GENERAL

1. The Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (hereinafter referred to as "the Protocol") supplements the system of international registration of marks administered by the World Intellectual Property Organization (WIPO), a specialized agency of the United Nations with headquarters in Geneva (Switzerland). The system of international registration of marks was established more than one hundred years ago by the Madrid Agreement Concerning the International Registration of Marks (hereinafter referred to as "the Agreement") and is currently in force in 35 countries. The Protocol, which was adopted by a Diplomatic Conference in Madrid in 1989, adds to the said system some particular features which modernize it and hopefully will facilitate accession to the Protocol by countries which so far did not join the Agreement.

BASIC FEATURES OF THE SYSTEM OF INTERNATIONAL REGISTRATION OF MARKS

2. International registration of marks is a simple, inexpensive and effective way of seeking legal protection for marks in a large number of countries. The applicant for international registration submits his application to the industrial property office of his home country ("country of origin"), which transmits the application to the International Bureau of WIPO in Geneva, certifying that the mark which is the subject of the application for international registration has been registered by that office (under the Protocol, it is sufficient that an application for registration with that office is pending). The International Bureau registers the mark after having checked compliance with the prescribed formal requirements. The international registration is published in the official Gazette of the International Bureau, and the industrial property offices of the States for which protection has been requested in the international registration ("designated States") are notified of the international registration. Each of those offices can refuse the effect of international registration with respect to its territory within a time limit of 12 months (under the Protocol, that time limit can be extended to 18 months or even further, in cases of opposition).

ADVANTAGES OF THE PROTOCOL

3. The new system of international registration of marks under the Protocol offers obvious advantages for owners of marks in the United States of America: one application suffices to obtain protection in a large number of countries; the protection is obtained through registration with the International Bureau and can be refused only within a certain time limit. Given the number of marks owned by United States enterprises in various countries of the world, it can be assumed that those enterprises have a genuine interest in using the new system of international registration. Use of the Protocol will result in substantial savings in work and expense by United States mark owners. The fact that currently United States trademark law and practice requires applicants for registration to restrict the list of goods and/or services to those goods and/or services in respect of which the mark is actually used or in respect of which there is a bona fide intention to use does not substantially reduce the advantages of the Protocol for United States mark owners because it is, in any case, advantageous for them to extend the protection applied for or granted to a large number of countries. If foreign applicants designate the United States of America under the Protocol on the basis of an international registration with a broad list of goods and/or services, such designation will be invalidated by the United States Patent and Trademark Office to the extent that the applicant's statement of bona fide intention to use is not followed up by actual use within the prescribed time limits. In any case, the international route is a possibility and not an obligation so that, if the owner of a mark believes that it is better to apply separately in the national Office of each country for a national registration, the owner of the mark can do just that.

4. The system of international registration will also be advantageous for the United States Patent and Trademark Office because, where foreigners file applications for international registration designating the United States of America, all formal requirements will be checked by the International Bureau of WIPO before proceeding with the international registration and publication, and all the required fees belonging to the United States Patent and Trademark Office will be collected by the International Bureau of WIPO and transmitted to the United States Patent and Trademark Office. The fee system under the Protocol (in contrast to the fee system under the Agreement) allows the United States Patent and Trademark Office to re-

ceive the amount which it requires for national registrations, so that the Office would not have any reduction in income when participating in the system of international registration. Thus, any increase in the workload of the Office because of an increase of applications to be processed will be compensated by a corresponding increase in the income of the Office, which will enable the Office to engage more staff. Therefore, domestic applicants will not suffer from the increased workload of the Office.

PREPARATIONS FOR THE ENTRY INTO FORCE OF THE PROTOCOL: THE NEW REGULATIONS

5. During the last four years, WIPO has been very active in preparing for the entry into force of the Protocol. The draft of a new set of Regulations (document CT/PM/V/7) has been prepared during five sessions of a Working Group, with the participation of the United States Government represented by the United States Patent and Trademark Office (USPTO) and of the private sector in the United States of America, which was represented, in particular, by the United States Trademark Association (USTA). It is expected that the Regulations will be adopted with effect on the date of entry into force of the Protocol. The draft Regulations take into account particular features of United States Trademark Law so that the system of the Protocol, together with the Regulations, will be fully compatible with United States law.

6. In particular, the draft Regulations (in Rule 7(2)) allow the United States of America to notify to the Director General of WIPO that a declaration of bona fide intention to use the mark is required by the United States of America. This notification has the consequence that, under Rule 9(6)(d) of the draft Regulations, a declaration of bona fide intention to use the mark in the territory of the United States of America must be annexed to the international application where the United States of America is designated in the application; such a declaration must be signed by the applicant. According to Rule 11(3) of the draft Regulations, where the required declaration of bona fide intention to use is missing from the application for international registration received by the International Bureau, the international application will be deemed not to contain the designation of the United States of America, unless the missing declaration is received by the International Bureau before the expiration of the two-month time limit allowed to the office of the country of origin to transmit the application to the International Bureau. The same applies under Rule 22 with respect to subsequent designations of the United States of America on the basis of an international registration previously effected.

COMMENTS ON THE BILL FOR MADRID PROTOCOL IMPLEMENTATION (H.R. ———)

7. The Bill fully takes into account the system of the Protocol and the draft Regulations. It is compatible with those two texts.

8. As regards the drafting of the Bill, the following suggestions are made:

(a) *ad Sec. 64*

The title should clarify that only extensions of protection *from the United States* are regulated in that Section (see, in contrast, Sec. 65);

(b) *ad Sec. 68(c)(2)*

The words "whichever is earlier" at the end do not correspond to Article 5(2)(c)(ii) of the Protocol. The Protocol is more advantageous for the United States Patent and Trademark Office than the Bill: if the opposition period ends six-and-a-half months after the date on which it began, the proposed provision of the Bill would allow the United States Patent and Trademark Office only half a month to notify the refusal whereas, under Article 5(2)(c)(ii) of the Protocol, the United States Patent and Trademark Office has a full month for that notification. Consequently, it is suggested that the end of Section 68(c)(2) read as follows: "... within 7 months after the beginning of the opposition period or, if the opposition period expired before that 7-month time limit, within 1 month from the expiry of the opposition period";

(c) *General*

It would be appropriate to include in the Bill a provision which would give effect to Article 4bis(1) and (2) of the Protocol, so that the owner of a national registration in the United States of America which is replaced by the designation effect of an international registration would keep the benefit of the date of the earlier national registration and could obtain a recording of that effect in the register of the United States Patent and Trademark Office.

Mr. HUGHES. I was jesting with Mr. Kirk by suggesting that it would be unusual for us to be one of the first. I think that would be a very, very good development in providing some leadership in that fashion.

Dr. BOGSCH, you indicated very clearly that our country would gain immensely from the protocol. There would be similar advantage for foreign businesses wanting to register marks in our country too, would there not be?

Dr. BOGSCH. Certainly.

Mr. HUGHES. Is the U.S. system of requiring a declaration of bona fide intent to use a mark unique among countries having a trademark registration system?

Dr. BOGSCH. No other country requires it to my knowledge.

Mr. HUGHES. The protocol permits parties to the protocol to refuse the effect of the international registration within a specified time period. Is there any limitation on the grounds for refusal or is it simply expected to be in accordance with the individual country's substantive trademark law and is there any recourse in the law if it was not written in the parameters of the substantive law?

Dr. BOGSCH. The time limit for provisional refusal is 18 months, except in countries where there is opposition procedure where once there is a signal that the opposition procedure is taking place, there is no time limit. It ends with the outcome of the opposition procedure. Provisional refusal means that one has to say, the country has to say, that I intend to refuse, or am refusing, subject to any further procedure and has to indicate the reason.

So the kind of abuse, which was mentioned a few minutes earlier in the conversation with Mr. Moorhead and Mr. Kirk, is rendered difficult. I don't think that a country will simply refuse by some absolutely sham reason. It has to say that it is probably going to refuse it because it seems to be generic or it is because there are conflicting marks which it has to further investigate. It has to specify the reason.

Mr. HUGHES. What recourse is there if a country for instance has a difficult time meeting the filing requirements and then pro forma, just denies all applicants in order to comply with the law? We actually are defeating that provision of the protocol, it would seem to me, if any country is permitted to do that.

What recourse is there? How do we deal with that particular problem?

Dr. BOGSCH. If the country would systematically do, if I understand you correctly, sir, refusals or provisional refusals without giving serious reasons, it would be in violation of the treaty and the usual remedies would be available.

First of all, I think one would expose this country to open criticism, to shame, which frequently is the only remedy because going to the International Court of Justice is too expensive a procedure in most cases. But there would be pressure on the country.

Mr. HUGHES. Mr. Baeumer, is there anything you want to add at all?

Mr. BAEUMER. Thank you, no.

Mr. HUGHES. The gentleman from California.

Mr. MOORHEAD. Mr. Baeumer, I also want to welcome you here today. I am always amazed at the energy that Dr. Bogsch puts into

his job, whether it is an international convention of intellectual property people in Paris or hearings in Geneva or the signing of the Berne Convention in Los Angeles, you seem to be there.

And I know that it isn't easy to be able to cover all of the countries that are involved with the great energy that you seem to cover it. So I want to congratulate you for your efforts in that direction. I know you don't need it, because most people know what kind of a job that you have done through the years.

Dr. BOGSCH. Thank you, sir, but I can assure you that my efforts are redoubled in the case of the United States of America.

Mr. MOORHEAD. I was a little interested—in fact, a lot interested in the question that our chairman was asking you. You noticed that the policy of automatically making a rejection in order to give you more time to look into things, you say that, of course, they would come to an international court, but in the meanwhile after they have looked into the thing and perhaps approved maybe not in 18 months, maybe in 20 or 22 months, it would be before you ever got to court and it would be all settled and the people that were complaining wouldn't want to complain any more.

So it is something that might work for them, but really wouldn't be a very good idea.

Dr. BOGSCH. Well, I think it is unlikely that such an abuse would occur, because under our more than 100-year experience with the 35 countries which are members now, is that no country attempted to make such fake refusals. They are always serious.

Thank you.

Mr. MOORHEAD. Have you had any difficulty so far in administering the Madrid Agreement?

Dr. BOGSCH. No.

Mr. MOORHEAD. It has worked out smoothly so far?

Dr. BOGSCH. Smoothly, and it is generally recognized as a very good system. Of course there are certain advantages that exist today and are not going to be used—and would exist also under the protocol—and are not going to be used by the United States of America. For example, many countries today do not republish international registrations. And there are countries like, for example Germany, which says that the Official Gazette of Germany and the Official Gazette of WIPO are equivalent documents. But of course we do not expect the same thing in the United States. They are republished here.

Mr. MOORHEAD. If I wanted to register a trademark under the protocol, and request registration in five other member countries, how long do you think it would take?

Dr. BOGSCH. The registration in the international bureau would take a few days. As soon as we receive the applications, we process it and we publish it. Everything is done now by computer handling of the data and also the printing.

Mr. MOORHEAD. Does the protocol require U.S. trademark owners to seek protection overseas?

Dr. BOGSCH. No.

Mr. MOORHEAD. They can—

Dr. BOGSCH. No, it is a very important, Mr. Moorhead, because I wanted to emphasize that using the protocol is a completely free decision of the owner of the mark or the potential applicant. He

can continue to use the present system, that is to say, to go individually to each country.

Mr. MOORHEAD. I asked the question about the Japanese patent office being so slow in processing the applications of U.S. citizens. Do you think if they enter this protocol, they are going to act at a little greater speed than they have in the past or is that something that you would rather not comment on?

Dr. BOGSCH. I think so. I think so. We have an example after all under the PCT. The Japanese office when it is under the obligation to furnish a report within a certain time limit, it does so. And it does treat those applications more rapidly than the others.

I think that there is good hope that if Japan adheres, it will seriously respect these deadlines.

Mr. MOORHEAD. Thank you very much. Glad to have you here.

Dr. BOGSCH. Thank you, sir.

Mr. HUGHES. Let me ask one more question. Is there any particular advantage to registering separately in a country even if the Madrid Protocol is implemented?

Dr. BOGSCH. I see none, unless you are going to make happier a patent agent in each country.

Mr. HUGHES. Thank you very much. Your statement was excellent, very comprehensive and answered really most of our questions and we appreciate your appearance today, and Mr. Baeumer, we are happy to have you with us today. And we wish you a safe journey back to Geneva.

Thank you very much.

Dr. BOGSCH. Thank you, sir

Mr. HUGHES. Our next witness is Richard Berman, who is the president and chairman of the board of the International Trademark Association, formerly the United States Trademark Association. Mr. Berman is a senior associate counsel at General Mills, Inc. He has been with the company since 1965. He received a bachelor's degree from the University of Maryland in 1964 and his J.D. degree in 1967 from George Washington University Law School.

He was a trademark examining attorney in the Patent and Trademark Office from 1967 until 1969. He has had extensive experience in trademark law and was a member of the Trademark Review Commission which worked with Congress on the 1988 Trademark Law Revision Act.

Mr. Berman, we welcome you here today. We have your statement which likewise, without objection, will be made a part of the record in full. We hope you will summarize.

STATEMENT OF RICHARD M. BERMAN, PRESIDENT, INTERNATIONAL TRADEMARK ASSOCIATION

Mr. BERMAN. Mr. Chairman, the International Trademark Association, INTA, appreciates the opportunity to testify on legislation implementing the Madrid Protocol in the United States. My name is Richard Berman and I presently serve as chairman of the board of directors and president of INTA. I am employed by General Mills, Inc., as senior associate counsel having primary responsibility for trademarks.

As with all INTA officers, board members, committee chairs and committee members, I serve on a voluntary basis.

As you indicated, until 2 weeks ago INTA was known as the U.S. Trademark Association, or USTA. At our annual meeting, our members voted overwhelmingly to change the name of our organization to the International Trademark Organization, or INTA, in order to better reflect the scope of the association's interests.

Although the association has long been active in international trademark issues, our continued international growth in non-U.S. activities, membership and concerns have persuaded us to give greater acknowledgment to the global needs and interests of the trademark community both here and abroad. Thus the new name represents an evolutionary, not a radical change.

The INTA enthusiastically supports U.S. adherence to the Madrid Protocol. Let me very briefly tell you why, Mr. Chairman. As U.S. businesses both large and small seek and find new international markets for their goods and services, they also become more concerned about obtaining, maintaining and protecting their trademarks in countries outside the United States.

Currently, however, those U.S. firms that wish to obtain trademark protection abroad must file separate applications in each country in which protection is sought. This is a time-consuming, cumbersome and costly process. The Madrid Protocol, Mr. Chairman, would make life easier for U.S. businesses seeking trademark protection abroad.

Under the protocol, a U.S. trademark owner could file, as you heard, a single international application in the U.S. Patent and Trademark Office in a single language in an effort to obtain trademark rights in other protocol countries.

As a result, Mr. Chairman, it will become much easier and in some ways cheaper for U.S. firms to obtain trademark rights abroad. The maintenance of trademark rights would also be vastly simplified and less expensive than is currently the case.

In my detailed written statement, Mr. Chairman, I explore the background leading up to the protocol. I note that the protocol is an offshoot of another trademark treaty, the Madrid Agreement, which is currently in effect in 35 countries around the world including most of Europe, China, and the Russian federation.

The United States never joined the Madrid Agreement because of concern that a number of its provisions would disadvantage U.S. trademark owners vis-a-vis foreign competitors. The protocol addresses these concerns in a manner that now makes it possible for the United States to consider joining an international trademark registration system.

Over the past years, representatives of the U.S. PTO have participated in a series of meetings under the auspices of the WIPO in an effort to draft Madrid Protocol implementing regulations that are compatible with U.S. trademark law. This effort has been successful and has paved the way for U.S. adherence to the protocol.

As indicated in my written statement, the most important changes include a requirement that any requests for extension of protection to the United States will have to be accompanied by a declaration of bona fide intention to use the mark in commerce and all extensions of protection are subject to being canceled unless the requisite affidavits of use are timely filed.

While INTA has not yet reviewed in detail the recently introduced bill, it appears to be similar to legislation introduced late last year by both you, Mr. Chairman, and Mr. Moorhead. That legislation largely tracked the provisions of the protocol and the proposed implementing regulations.

While we do support the thrust of the proposed legislation, we offer one amendment and one suggestion. First, we believe it needs to be made clear, consistent with the terms of the protocol, that one may not file an international application in the United States unless one is a national of or is domiciled or has a real and effective industrial or commercial establishment in the United States.

Second, we suggest that the panel consider adding a specific provision for the replacement of a U.S. registration by an international registration in those rare cases where the owner mark and goods or services are the same.

With the adoption of these proposed revisions, INTA enthusiastically endorses the implementing legislation. We believe that passage of such legislation and ratification of the protocol will greatly streamline the present laborious process of obtaining trademark rights abroad and thereby make U.S. businesses more competitive in today's global economy.

That concludes my prepared remarks. I will be pleased to answer any questions that you may have.

[The prepared statement of Mr. Berman follows:]

PREPARED STATEMENT OF RICHARD M. BERMAN, PRESIDENT, INTERNATIONAL TRADEMARK ASSOCIATION

Mr. Chairman, the International Trademark Association (INTA) (formerly known as The United States Trademark Association (USTA)), appreciates the opportunity to appear before your Committee to testify on legislation permitting the U.S. to adhere to the Madrid Protocol. My name is Richard M. Berman, and I presently serve as Chairman of the Board of Directors and President of INTA. I am employed by General Mills, Inc. as Senior Associate Counsel having primary responsibility for trademarks. As with all INTA officers, board members and committee chairs, I serve on a voluntary basis. INTA supports U.S. adherence to the Madrid Protocol and, with certain relatively minor exceptions, endorses the text of the bill before us today.

Until two weeks ago, INTA was known as the U.S. Trademark Association, or USTA. At our Annual Meeting, our members voted overwhelmingly, after an extensive study, to change the name of our organization to International Trademark Association (INTA) in order to better reflect the scope of the Association's interests. Although the Association has long been active in international trademark issues, our continued international growth in non-U.S. activities, membership and concerns have persuaded us to give greater acknowledgement to the global needs and interests of the trademark community both here and abroad. Thus, the new name represents an evolutionary not a radical change.

INTA is a 115-year old not-for-profit worldwide membership organization founded in 1878 by 12 New York-based manufacturers. Today, INTA represents over 2600 corporations, package design firms, law firms and professional associations from across the United States and 87 countries. Nonetheless, more than 85% of our corporate members, virtually all of which are multinational, are U.S. based. Essentially all have significant U.S. operations and facilities. And, it would not be an overstatement to say that our members own a vast majority of America's well-known brand names and identities as well as a substantial proportion of all the marks registered in the U.S. Trademark Office (TMO).

As the world has become smaller, a great many trademarks originating in the U.S. have become internationally recognized. To assist our members in remaining competitive worldwide as well as to continue as a valuable and responsible resource to this Committee, INTA must not only stay aware of, but also become, more active in all issues bearing a direct relationship to the promotion and preservation of

trademarks as instruments of global commerce. There is no better example than the reason why we are here today, the Madrid Protocol.

Because the U.S. remains the world's most significant and varied marketplace and because a vast majority of our corporate members are headquartered and do business in the U.S., pay federal, state and local taxes and provide jobs to U.S. citizens, federal trademark law and USPTO issues always have been and will continue to be primary concerns to our Association.

INTA has five principal goals:

To support and advance trademarks as an essential element of effective commerce throughout the world.

To protect the interests of the public in the use of trademarks.

To educate business, the media and the public to the importance of trademarks to our international economy.

To play an active leadership role in matters of public policy concerning trademarks.

To provide a comprehensive range of services to its members that includes keeping them well informed of current trademark developments and in touch with professional colleagues.

BACKGROUND

Mr. Chairman, the legislation before us today is the culmination of many years of effort. It recognizes certain commercial realities. First, that trademarks play a crucial role in supporting both our national and international economies. Second, that the marketplace is becoming more global everyday. And, third, that the U.S. can no longer afford to sit on the sideline.

While the U.S. is a member of the Paris Convention for the Protection of Industrial Property and of several regional and bilateral treaties regarding trademarks, the U.S. is not currently a party to any international trademark registration system. Such a system has been in place now for over 100 years, namely, in "The Madrid Arrangement Concerning the International Registration of Marks" (Madrid Agreement). Approximately 30 countries are currently members of the Madrid Agreement, including most of Europe, China, and the Russian Federation.

The Madrid Agreement affords trademark owners from member countries the opportunity to obtain trademark rights in other members countries through a single filing with their home Trademark Office. Under the Agreement, the owner of a home country trademark registration (also referred to as the basic registration) may file with its national Trademark Office an international application designating those other member countries in which extension of protection is desired. The international application is forwarded to the World Intellectual Property Organization (WIPO) in Geneva, which then issues an international registration for the mark, publishes the mark in the international trademark gazette (*Les Marques Internationales*), and forwards the application to the designated offices for examination pursuant to national law. Unless the designated country acts within 12 months to refuse protection, the mark is registered in the designated country and deemed protected.

Viewed in this context, it is clear that an international registration, by itself, confers no substantive rights. Rather, it is the extensions of protection that emanate from the international registration from which substantive rights flow.

The U.S. has not been a member of the Madrid Agreement for a number of reasons. First, as stated above, a trademark owner may not take advantage of the Madrid Agreement until it has obtained a home country or basic registration. This requirement operates to disadvantage U.S. trademark owners because it takes longer to obtain a registration in the U.S. than in most other countries. Thus, as between a U.S. and French trademark owner, for example, each seeking international protection for the same mark, the French company would almost always win the race for protection.

Second, given the relatively lengthy examination process followed in the U.S., the 12-month period within which to refuse protection to a mark that is the subject of an international registration is considered too short. In order to meet its obligation under the Agreement, the U.S. Patent and Trademark Office (USPTO) would have to give priority to the examination of Agreement applications, thus resulting in a lengthier pendency for domestic applications.

Third, the Madrid Agreement includes a provision known as "central attack," which provides that if the home country registration is successfully attacked during the first five years of the term of the international registration, all extensions of protection in the designated countries also fall. This is felt to be particularly unfair to

U.S. trademark owners since many of the possible grounds of attack on U.S. registrations are not available in other countries.

Fourth, the only official language under the Agreement is French. This means that, if the U.S. joined the Agreement, all documents submitted under the Agreement would have to be translated by the USPTO.

Finally, the Agreement provides for a relatively low fee schedule. Users of the Madrid system would pay substantially lower fees than applicants for U.S. registrations. U.S. adherence to the Agreement would have effectively required U.S. trademark owners to subsidize the examination of applications filed by non-U.S. citizens under the Agreement.

In the late 1960's, the U.S. attempted to seek amendments to the Madrid Agreement, but its efforts were rebuffed. The U.S. then took the lead in negotiating a new treaty for the international registration of marks—The Trademark Registration Treaty (TRT), which was signed in Vienna in June 1973. Under the TRT, a national or resident of a member country can file an international registration, in either English or French, seeking protection in any member country, including its own. The international registration does not have to be based on a home country registration. However, the treaty also provides that non-use of a mark during an initial period of three years from the filing date can not result in refusal or cancellation by any member country. While the U.S. signed the TRT, it never ratified the treaty because of the non-use provision.

In the early 1980's, the Madrid Union Assembly, the governing body of the Madrid Agreement, requested WIPO to investigate ways in which a link could be established between the proposed European trademark and the Agreement and to study how the Agreement could be changed to make it possible for the four members of the European Community that are not members of the Agreement (Great Britain, Ireland, Denmark, and Greece) to become part of the Madrid Union.¹ The result of these efforts was the drafting of the "Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks" (Madrid Protocol), which was adopted in Madrid on June 27, 1989.

MADRID PROTOCOL

The Protocol is a separate treaty from the Agreement. Similar to the Agreement, the Protocol affords trademark owners from member countries a mechanism to obtain trademark protection around the world more easily and, in many cases, less expensively. It also greatly simplifies the trademark maintenance and assignment processes, thereby reducing costs to trademark owners.

The Protocol, however, is different from the Agreement in a number of significant respects. First, it provides that an international application may be filed on the basis of a home country application (also referred to as a basic application), as well as a home country or basic registration. Given the adoption of an intent-to-use filing basis in the U.S. as part of the Trademark Law Revision Act of 1988, U.S. companies would be in position to file international applications at a much earlier point in time than is the case under the Agreement, and they would not be disadvantaged in this regard vis-a-vis foreign competitors.

Second, under the Protocol, the U.S. could elect to take 18 months, rather than 12 months, to enter refusals on international applications. It is important to emphasize that in examining applications filed under the Protocol, the USPTO would apply U.S. trademark law. Not only may the U.S. elect an 18-month refusal period, but the Protocol further provides that, for those countries like the U.S. with opposition systems, refusals may be entered after the 18-month period, provided the notification of the refusal based on the opposition is made within seven months from the commencement of the opposition period.

Third, while an international registration is subject to "central attack," the Protocol provides that if the basic registration or basic application is successfully attacked during the first five years of the term of the international registration, trademark owners may transform their extensions of protection in the designated countries into national filings and retain the effective filing date of the international registration. Thus, the effect of "central attack" is substantially ameliorated.

¹The link with the proposed European trademark would be created by providing that an applicant for, or owner of, a European trademark may base its international application on its European trademark application or registration. Further, the holder of an international registration under the Protocol may designate the European community as a territory in which protection is desired.

The Protocol also provides that member countries may elect to charge their national fees for the examination of Madrid applications. It is also clear that English, as well as a French, will be an official language under the treaty.

Thus, the Protocol contains a number of innovations that make it attractive for the U.S. to join this international trademark registration system. Indeed, following adoption of the Protocol, the Board of Directors of the then United States Trademark Association adopted a resolution supporting "in principle" U.S. adherence to the Madrid Protocol, "subject to the successful conclusion of efforts to promulgate Implementing Regulations."

IMPLEMENTING REGULATIONS

Over the past several years, representatives of the USPTO have participated in a series of working group meetings convened by WIPO for the purpose of drafting regulations that would implement the Protocol. In meetings with the USPTO, INTA representatives stressed that the implementing regulations and any implementing legislation should not unduly disrupt current U.S. trademark law and practice and should not impact adversely on national applicants. In our view, these objectives have largely been met.

Most significantly, the current text of the regulations (the final text will not be adopted until just prior to the coming into force of the Protocol) allows the U.S. to require that any non-domestic trademark owner that seeks extension of protection of its international registration into the U.S. allege a bona fide intent to use the mark in commerce in the U.S. This feature of the regulations is extremely important, Mr. Chairman, so important that absent its presence in the regulations, INTA could not recommend U.S. adherence to the Protocol.

As you may recall, Mr. Chairman, as part of the Trademark Law Revision Act of 1988, Congress amended the law to require that non-domestic trademark owners who seek protection in the U.S. based on their non-domestic application or registration allege a bona fide intent to use the mark in commerce in the U.S. This amendment was added to make the playing field more level as between U.S. and non-domestic trademark owners. U.S. trademark owners must allege either "use in commerce" or a "bona fide" intent to use as the basis for filing an application for a U.S. registration. The playing field is still not entirely level, however, since U.S. trademark owners must use their marks in commerce prior to issuance of a U.S. registration, while foreign trademark owners do not. In any case, INTA believes that foreign trademark owners that seek protection in the U.S. under the Madrid Protocol must be required to allege a bona fide intent to use the mark here. The regulations even take this a step further by requiring Madrid applicants, like applicants for U.S. registrations, to allege under oath or declaration that they believe they are entitled to use the mark in the U.S. and that no one else has the right to use the mark or one which is confusingly similar.

INTA believes that the combination of these two requirements will help reduce the number of so-called "deadwood" registrations—registrations covering marks that are not used in the U.S.

One other provision of the regulations that bears mention is WIPO's commitment to maintain an electronic data base of all international applications and registrations and to make the data base available, for a fee, to the general public. This is important to U.S. trademark owners, Mr. Chairman, because under the Protocol it could take as long as nine months from the time an international application is first filed until the request for extension of Protection reaches the USPTO. During this period, a U.S. business could decide to file for protection in the U.S. for the same mark as that which is the subject of the international application, reasonably believing that the mark was free to use. Access to the WIPO data base should minimize the likelihood that a U.S. business will be "ambushed" by a request for extension of protection to the U.S. that carries an earlier effective filing date.

IMPLEMENTING LEGISLATION

Before discussing a number of the more significant provisions of the proposed implementing legislation, Mr. Chairman, INTA would first like to applaud the decision to place all provisions relating to the Madrid Protocol in a new Chapter 1 of Title 15 of the U.S. Code, rather than amending various sections of existing law. We believe this decision will aid trademark owners and practitioners who take advantage of, and practice under, the Protocols and is consistent of the overriding goal of not unduly disrupting current U.S. trademark law.

For the most part, Mr. Chairman, the provisions of the Madrid Protocol Legislation track the provisions of the Protocol and/or the implementing regulations. Thus for example, the bill provides, in proposed Section 62, that upon the filing of an

international application, the U.S. Commissioner of Patents and Trademarks will examine the application for purposes of certifying that its contents are consistent with those in the basic application or basic registration. Section 63 sets forth the Commissioner's obligation to inform WIPO if the basic application or registration is restricted, abandoned or cancelled within the first five years of the term of the international registration.

Section 66(a) contains the key requirement that any request for extension of protection of an international registration to the U.S. in order to be considered properly filed must contain a declaration of a bona fide intention to use the mark in commerce. The definition of "declaration of bona fide intention to use the mark in commerce" makes clear that any request for extension of protection to the U.S. must also include the statement that the trademark owner believes it is entitled to use the mark in the U.S. and that no other person has the right to use the mark or one which is confusingly similar.

Section 66(b) parallels current U.S. trademark law, specifically Section 7(c) of the Lanham Act, 15 U.S.C. 1057, in providing that the proper filing of a request for extension of protection constitutes constructive use of the mark, as long as the extension request is not refused.

Section 68 provides that any request for extension of protection will be examined consistent with U.S. trademark law and will be published for purposes of opposition. The bill further provides that extension of protection will not be refused on grounds that the mark has not been used in commerce. To this extent, then, Madrid applicants will be treated the same as non-U.S. citizens who now file in the U.S. based on their non-U.S. application or registration.

Another key provision of the bill is Section 71 which requires the owner of an extension of protection to the U.S. to file an affidavit of use in commerce between the fifth and sixth year following the grant of extension of protection and by the end of ten years following the grant of extension of protection and every ten years thereafter. This requirement parallels the requirements now set forth in Sections 8 and 9, 15 U.S.C. 1058 and 15 U.S.C. 1059, of the Lanham Act in order to maintain a U.S. registration. These requirements are separate and apart from those set forth in the Protocol for maintenance of the international registration. Thus even though extensions of protection under the Protocol may be granted prior to actual use of the mark in the U.S., such extensions are subject to being cancelled if the mark is not being used in commerce.

This provision is extremely important, Mr. Chairman. It is consistent with the goals that U.S. adherence to the Protocol should not result in wholesale changes to current law or practice and not disadvantage owners of U.S. registrations vis-a-vis holders of international registrations. It is also consistent with the strong public policy of not having the U.S. Principal Register cluttered with marks that are not in use in commerce. While neither the Protocol nor the proposed implementing regulations provide for the filing of such affidavits of use, we note that neither document prohibits such practice. Further, at least one Madrid Agreement country, Portugal, currently requires the owner of an extension of protection in that country to file a document every five years attesting to its continued interest in using the mark.

While INTA supports the general thrust of the Madrid Protocol bill, it proposes that the bill be amended in one respect and that a second change be considered. Section 61 of the bill currently provides that "[t]he owner of a basic application filed with, and pending before the Patent and Trademark Office, or the owner of a United States registration, may file an international application...." In fact, Mr. Chairman, the Protocol provides that only a person who is a "national" of the U.S., or is "domiciled" in the U.S., or has a "real and effective industrial or commercial establishment" in the U.S. may file an international application. Section 61, therefore, should be amended to make clear that the "owner of an application... or the owner of the United States registration" must meet these additional criteria.

Second, INTA suggests that the Committee consider amending the bill to authorize the Commissioner to replace a U.S. registration by an international registration, a procedure which the Protocol specifically sanctions. This procedure may be utilized only where the owners of the registrations are the same, the marks are identical and the goods of the U.S. registration are contained in the international registration.

PROS AND CONS OF ADHERENCE TO PROTOCOL

As indicated above, Mr. Chairman, INTA is already on record as supporting U.S. adherence to the Madrid Protocol, in principle. In our view, adherence will facilitate U.S. business in its efforts to sell trademarked products and services in overseas markets. No longer would U.S. business have to go to the expense and trouble of

filing separate trademark applications in each country in which protection is sought. The Protocol provides a centralized and much simplified means for securing trademark protection abroad. Under the Protocol, a U.S. business could conceivably obtain protection for its marks in scores of countries through the filing of a single application with the USPTO in English with the payment of a single set of fees in U.S. currency.

There has been much debate, Mr. Chairman, as to whether U.S. trademark owners would save any money in obtaining protection through use of the Protocol. The answer is "maybe." Whether any savings are realized depends on whether the Trademark Office in a designated country enters a preliminary refusal of the application. If it does, then little, if any, cost savings would be realized since, at that point in time, the trademark owner would be forced to retain local counsel to help prosecute the application. However, if no preliminary refusal were entered, a common occurrence in many countries, it seems clear that cost savings would be realized for, in that case, local counsel would not have to be retained.

While the Protocol does not guarantee cost savings to the U.S. trademark owner in obtaining protection abroad, there is no doubt that significant cost savings will be realized in maintaining protection and in assigning rights. The Protocol provides that renewal of an international registration is secured upon the mere payment of a fee to WIPO. For those U.S. companies that protect their marks in a number of countries and now must file separate renewal applications with each country, practice under the Protocol will greatly simplify the maintenance of their trademark rights and considerably reduce costs.

The same is true with respect to assignment of trademark rights. Under the Protocol, the assignment of an international registration is accomplished through a mere request with WIPO, which will then record the assignment in the International Register. Today, Mr. Chairman, the process of assigning trademark rights is an incredibly complicated, time-consuming, and costly endeavor. Documents are often required to be executed, notarized and legalized. Each country's law on the subject is different.

Further, as the situation stands today, an international registration may not be assigned to a U.S. business. That's because under the Agreement (and the Protocol as well) an international registration may not be assigned to one who is not eligible to file an international application. This restriction has an adverse impact on the ability of U.S. firms to transact international business.

It must be emphasized, Mr. Chairman, that U.S. adherence to the Protocol would not require U.S. trademark owners to seek protection overseas via the Protocol. Trademark owners may still file directly in each country in which protection is sought and, indeed, under certain circumstances, may find it advantageous to do so. Thus, the Protocol is merely an option for U.S. trademark owners.

U.S. adherence to the Protocol would also enable the U.S. to exert a leadership role in international trademark law. As members of the Madrid Union, the U.S. would be in position to influence the course of future developments. U.S. adherence would pave the way for the creation of a truly international trademark system. There is no doubt, Mr. Chairman, that if the U.S. adhered to the Protocol, virtually all of the industrialized nations of the world would also join, including, over time, Japan. Japan's adherence to the Protocol would have the derivative benefit of forcing the Japan Patent Office to act on trademark applications filed by U.S. citizens with much greater speed than is currently the case.

INTA, however, recognizes that the Protocol is not perfect. For example, Mr. Chairman, the USPTO's policy regarding identification of goods and services may, in certain cases, serve as a disincentive to use the Protocol. Under the Protocol, the scope of protection provided by the international registration provisions can be no broader than those given under the basic application or registration. Since the USPTO requires applicants to narrowly define their goods or services, the scope of protection under any international registration will also be narrow. That being the case, U.S. trademark owners may find it more advantageous to continue filing directly in each country in which protection is sought as most other countries allow applicants to identify their goods or services more broadly than the USPTO does.

However, INTA notes that in many countries, the scope of protection afforded a mark is not limited to the specific goods or services set forth in the registration but also encompasses other goods or services that fall within the same international class. Further, INTA is aware that the USPTO is currently reviewing its policies with regard to the identification of goods or services with the objective of, where possible, liberalizing its policies in this regard.

INTA emphasizes, though, that the Protocol is merely an option. Some U.S. trademark owners may decide not to take advantage of the treaty. However, why eliminate this option for those that wish to take advantage of it?

The argument has been advanced that U.S. adherence will open the floodgates to non-U.S. citizens seeking trademark protection in the U.S. and result in more "deadwood" on the Register, all of which will make it more difficult for U.S. companies to clear and register trademarks. However, Mr. Chairman, it is unlikely that a significant increase in filings to the U.S. will result from adherence. Non-U.S. trademark owners can already file in this country and do. Thus, it is likely that U.S. adherence to the Protocol will have only a marginal impact on filings.

Moreover the "deadwood" issue, we submit, is adequately addressed by the proposed implementing regulations and legislation, as well as by current U.S. trademark law. As discussed above, requests for extensions of protection to the U.S. will have to be accompanied by a declaration of a bona fide intention to use the mark in commerce and all extensions of protection are subject to being cancelled unless the requisite affidavits of use are timely filed. Further, U.S. trademark law affords interested parties the opportunity to petition to cancel marks on grounds of abandonment, and the failure to use a mark for two years with the intent not to resume use is *prima facie* proof of abandonment.

In sum, Mr. Chairman, INTA believes the advantages of U.S. adherence to the Protocol far outweigh the disadvantages. The Protocol will provide U.S. trademark owners with the means to more effectively compete on a worldwide basis. With adoption of the changes proposed, INTA believes that the implementing legislation before us today deserves support, and we urge the subcommittee to act favorably on it. INTA looks forward to working with the panel in seeking passage of this important piece of legislation.

Mr. HUGHES. I wonder if you can tell us the rationale for your suggested amendment consistent with the protocol that one may not file an international application in this country unless they are a national, domiciled here or have, I think you used the term "a real and effective industrial or commercial presence in this country."

Mr. BERMAN. First of all, it is my understanding that the amendment would be absolutely consistent with the protocol law and regulations, so it is a requirement that would be in place.

Furthermore, it is an attempt to make sure that we do not have companies domiciled outside the United States using the U.S. Trademark Office as a vehicle for obtaining these international registrations.

Mr. HUGHES. When they were perhaps located in a nonsignatory country?

Mr. BERMAN. That is another possibility, yes, sir.

Mr. HUGHES. That seems to make some sense. How about the rationale for the suggestion that we substitute an international filing for the one presently in use. That is your second suggestion?

Mr. BERMAN. Yes, sir, the reason for that is to avoid duplicate registrations on the register. What you will have otherwise is a U.S. registration and also an international registration, this avoids duplications and, as I understand Dr. Bogsch's suggestion in his written submission, the suggestion is that when the international registration is substituted for the national registration, that the national registration date would still remain of record and therefore it is not at all prejudicial to U.S. registration owners and we would support that suggestion.

Mr. HUGHES. Under the present system of registering individually in each country, is there a reason why a company would not register in all countries in which it does business?

Mr. BERMAN. There may be cost factors that would suggest a company may not want to extend its rights into every country. General Mills may export to some countries, but the amount of business that we do in a particular country may be minimal and

then our business people may decide to not spend the money for registering in a particular country.

But if cost was not a factor, it would make sense to extend the rights to all the protocol countries.

Mr. HUGHES. How does the \$210 filing fee compare to other countries?

Mr. BERMAN. It is my understanding that it is very reasonable.

Mr. HUGHES. What is the most that you have seen in filing fees?

Mr. BERMAN. The first one that comes to mind is Saudi Arabia where it is \$2,500.

Mr. HUGHES. Sort of makes us look like pikers.

Mr. BERMAN. That is not the associate fees. That is the overall filing fees. I am not suggesting that the United States has that much flexibility.

Mr. HUGHES. PTO around budget time would love to hear those numbers.

Mr. BERMAN. My understanding is that things are quite different over in Saudi Arabia.

Mr. HUGHES. That is the understatement of the morning.

The Japanese we have heard a lot about today are very slow. What is it taking today for the Japanese to turn a decision around?

Mr. BERMAN. I have heard periods of time ranging up to 7 or 8 years. My experience has been 2 to 5 years. The important thing to understand with respect to the Japanese situation, unlike the United States, most countries and Japan being one of the this, trademark rights are based on registration. And without registration, it is difficult to enforce your rights.

And the complicating factor, being able to license your trademark and obtain a royalty, becomes difficult if you don't have a registration in Japan.

Mr. HUGHES. Is that because they want to take a lot of time and consider the application or because they are so backed up or what is the reason?

Mr. BERMAN. I honestly don't know the answer.

Mr. HUGHES. If that is the time limit, that borders on the obscene.

Mr. BERMAN. Mr. Chairman, I honestly don't know the specific reasons for the delay. I am told by my Japanese associate that it is a combination of factors including personnel and outdated systems, et cetera, but—

Mr. HUGHES. That is hard to understand. The Japanese, on the cutting edge of technology, that they would have outdated systems. I find that incredible. Be that as it may. We appreciate your testimony. I have additional questions which I will submit in writing. If you would respond to them, we would appreciate it.

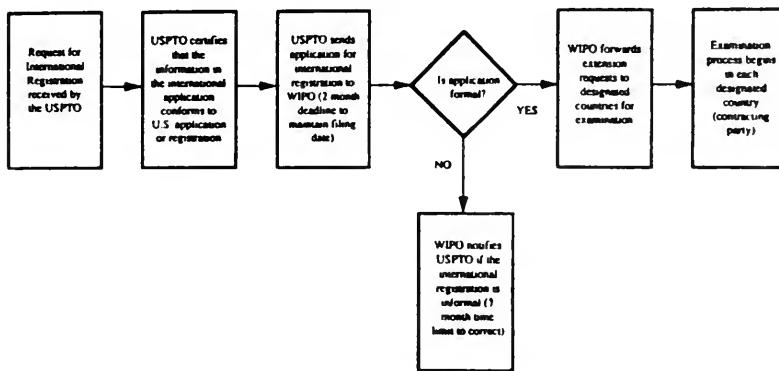
Thank you very much. We appreciate your testimony. That concludes the hearing for today and the subcommittee stands adjourned.

[Whereupon, at 11:15 a.m., the subcommittee adjourned, to reconvene subject to the call of the Chair.]

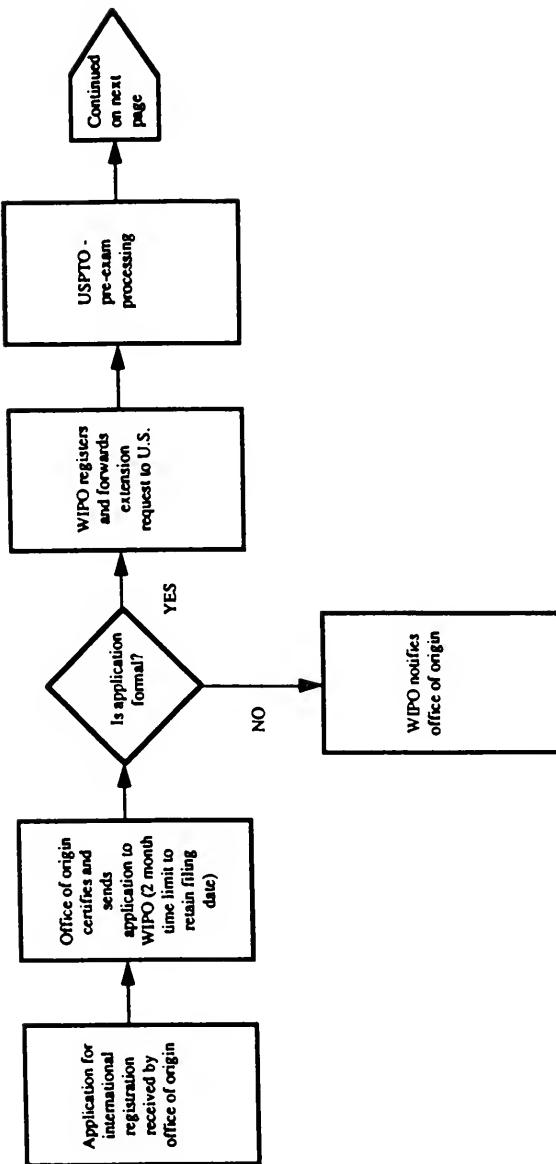
A P P E N D I X

CHARTS: (1) U.S. APPLICANT/REGISTRANT SEEKING INTERNATIONAL REGISTRATION; (2) NON-U.S. APPLICANT/REGISTRANT SEEKS AN EXTENSION OF PROTECTION TO THE UNITED STATES

U.S. Applicant/Registrant Seeking International Registration

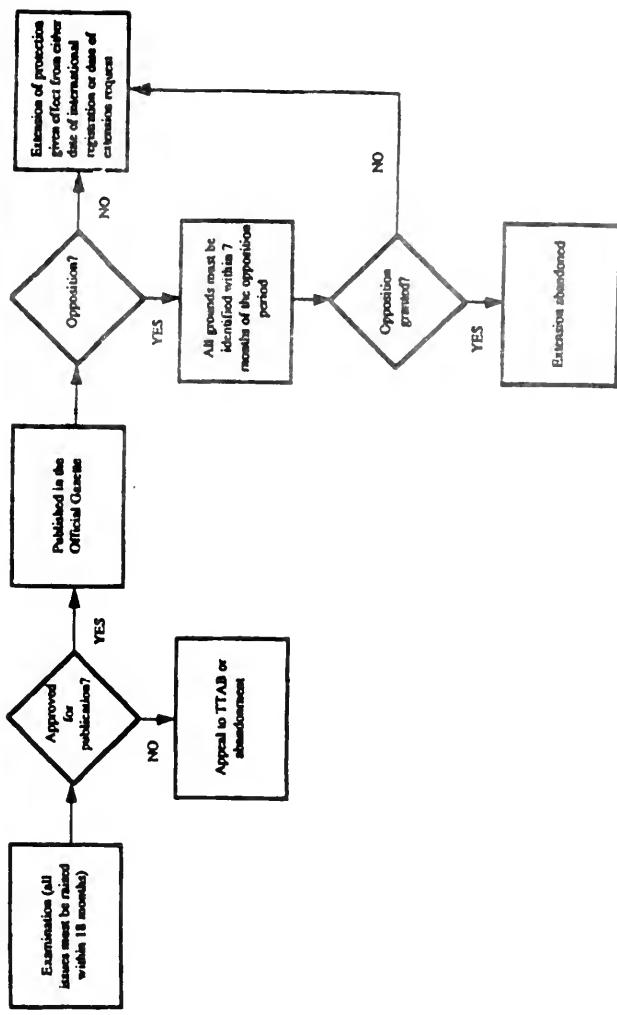


Non-U.S. Applicant/Registrant Seeks an Extension of Protection to the United States



Non-U.S. Applicant/Registrant Seeks an Extension of Protection to the United States

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